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Decision No. 90784 SEP 12 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

CONSOLIDATED FIRE PROTECTION  
DISTRICT OF LOS ANGELES COUNTY, a  
political subdivision of the State  
of California,

Complainant,

vs.

SAN GABRIEL VALLEY WATER COMPANY,  
a California corporation, and  
DOES I through V, inclusive,

Defendants.

Case No. 10696  
(Filed December 5, 1978)

CITY OF EL MONTE, CALIFORNIA, a  
municipal corporation,

Complainant,

vs.

SAN GABRIEL VALLEY WATER COMPANY,  
a California corporation, and  
DOES I through V,

Defendants.

Case No. 10710  
(Filed January 17, 1979)

William D. Ross, Attorney at Law, for  
Consolidated Fire Protection District  
of the County of Los Angeles, and  
Sidney Maleck, Attorney at Law, for  
the City of El Monte, complainants.  
Robert N. Lowry and John E. Skelton,  
Attorneys at Law, for defendant.  
Robert C. Durkin, for the Commission  
staff.

O P I N I O N

In Case No. 10696, complainant Consolidated Fire Protection District of Los Angeles County (Los Angeles) seeks an order directing defendant San Gabriel Valley Water Company (San Gabriel) to immediately enter into negotiations with it for a "no-rent" fire hydrant agreement as specified in paragraph 4 of Section VIII of General Order No. 103 retroactive to June 28, 1978 and to pay reasonable attorney's fees for bringing this action.

In Case No. 10710, complainant, the city of El Monte (El Monte), seeks an order requiring defendant San Gabriel to immediately enter into negotiations with it for a "no-rent" fire hydrant agreement as specified in paragraph 4 of Section VIII of General Order No. 103 retroactive to August 21, 1978 and to pay reasonable attorney's fees for bringing this action.

Because San Gabriel was the common defendant and both Los Angeles and El Monte seek similar relief, these matters were combined for hearing before Administrative Law Judge N. R. Johnson in Los Angeles on March 6 and 23, 1979 and were submitted subject to receipt of concurrent briefs due April 23, 1979. Testimony was presented on behalf of Los Angeles by its assistant fire chief of operations division 4, J. W. Englund, by the person in charge of the fire protection engineering section of the fire prevention bureau, M. D. Aviani, and by its deputy fire chief, Joseph Rotella, Jr. Testimony was presented on behalf of El Monte by its fire chief, C. E. Masten, and by its city administrator, Jean Castner. Testimony was presented on behalf of San Gabriel by its president, R. N. Nicholson, Jr., and by its vice

president and general manager, J. G. Holmberg. The staff participated through cross-examination of the various witnesses.

## I - POSITION OF LOS ANGELES

### Evidence

Evidence presented on behalf of Los Angeles indicated that:

1. Los Angeles' assistant fire chief met with a representative of San Gabriel in the latter part of 1977 or the early part of 1978 and informed him that Los Angeles would submit a no-rent agreement to San Gabriel for its consideration.

2. A committee of representatives of private water purveyors and fire protection service agencies titled the Fire Protection Standards and Services Committee of the California Section of the American Water Works Association (Committee) drafted a no-rent fire hydrant agreement designed to implement the provisions of subsection 4 of Section VIII of this Commission's General Order No. 103 (Subsection 4). Such an agreement was presented to the Los Angeles County Board of Supervisors for its consideration.

3. Similar agreements with minor language modifications were executed with Dominguez Water Corporation and California Water Service Company, and these companies were able to obtain rate increases to offset the revenue losses resulting from the no-rent hydrant agreements.

4. Two letters dated April 5, 1978 over the signature of Clyde A. Bragdon, Jr., Chief Engineer, Los Angeles County Fire Department, were sent to San Gabriel and Vallecito Water Company (Vallecito), informing them that in compliance with

the provisions of the existing agreements, Los Angeles wished to cancel the agreements effective June 28, 1978 and September 1, 1978, respectively, and to enter into no-rent fire hydrant agreements with these two parties. These letters also stated that Los Angeles was willing to continue hydrant rentals for a reasonable length of time to permit San Gabriel to obtain any rate adjustments required to offset loss of revenues resulting from the cancellation of the San Gabriel and Vallecito agreements.

5. A letter dated May 11, 1978 over the signature of San Gabriel's president, R. H. Nicholson, Jr., was sent to Los Angeles, stating that San Gabriel could not agree that collecting the cost of public fire protection would be more equitable if collected in the general metered service water bill and, therefore, San Gabriel could find no justification for eliminating the existing charge for public fire protection and could not in good conscience enter into a new agreement which would place the entire burden of public fire protection on its general metered customers. It was further stated in the letter that after cancellation, San Gabriel would continue to provide public fire protection service to Los Angeles in accordance with its applicable tariff schedules and other rules.

6. Los Angeles informed San Gabriel that it would continue hydrant rental payments if San Gabriel would commence negotiations for a no-rent hydrant agreement.

7. On an annual basis the jurisdictional fire stations service each hydrant by clearing the weeds from around the hydrant, by oiling and checking the condition of the hydrant valves, by checking the threads on the outlets and replacing caps where necessary, by checking the stem packing, and by

painting the hydrants where required. A four-man crew spends approximately 15 minutes at each hydrant at an annual cost per hydrant of approximately \$7.35 which includes approximately \$.50 of materials per hydrant.

8. Negotiations for no-rent fire hydrant \_\_\_\_\_ agreements were already in progress with some water purveyors prior to the passage of Proposition 13.

9. By letter dated May 8, 1978 the legal advisor to President Batinovich advised Chief Bragdon of the Los Angeles County Fire Department that this Commission would consider an advice letter filing to offset lost revenues resulting from a no-rent hydrant agreement when no general rate increase proceeding is under way and when such an application was not to be filed within the ensuing 90 days.

10. San Gabriel repairs hydrants that are damaged by automobiles and other machines at the expense of Los Angeles.

11. There are some hydrants served by San Gabriel in areas where San Gabriel does not provide domestic water service.

12. Los Angeles has 1,703 hydrants in San Gabriel's original service area and 618 in its Vallecito rate area, a total of 2,321 hydrants.

Argument

In its brief, Los Angeles makes the following arguments:

1. Notices of termination of the Los Angeles-San Gabriel agreement dated January 3, 1950 and the Los Angeles-Vallecito agreement dated September 7, 1954 were served well in excess of the requirements of each applicable cancellation clause, and in the case of Los Angeles' agreement, the cancellation date does not relate to the anniversary date of the contract.

2. Subsection 4 clearly provides that a fire protection agency may request a no-rent agreement and not just a special agreement as alleged by San Gabriel.

3. San Gabriel seeks to delay the implementation of Subsection 4 by simply refusing to comply with either its intent or purpose and, consequently, no financial liability should be attached to the complaint.

4. Los Angeles' notices of contract termination were served on San Gabriel in excess of five months prior to San Gabriel's filing for a general rate increase and, therefore, Los Angeles is now entitled to the benefits of a no-rent hydrant agreement even though San Gabriel has a rate increase application pending.

5. The only reasonable disposition of the instant proceeding is to find Los Angeles is not obligated to San Gabriel in any amount and that San Gabriel be ordered to immediately negotiate a no-rent agreement with Los Angeles.

## II - POSITION OF EL MONTE

### Evidence

Evidence presented on behalf of El Monte indicated that:

1. El Monte is served by four major private water purveyors and three or four mutual water systems.

2. Fire hydrants are inspected semiannually at which time they are lubricated and maintained to the extent of the replenishment of caps and damaged valves, removal of weeds and other obstructions, and painting where necessary.

3. El Monte is billed by and pays the water purveyors for repair of damaged hydrants.

4. El Monte does not have any fire hydrant agreement with San Gabriel but pays a specific monthly fee for each hydrant.

5. El Monte tried to get no-rent hydrant agreements with Southern California Water Company, California American Water Company, and San Gabriel as well as the publicly owned water companies.

6. San Gabriel was unwilling to negotiate a no-rent hydrant agreement when first contacted because a general rate increase application was to be filed by it in the near future.

7. El Monte is not currently paying hydrant rental fees to the other water agencies.

Argument

In its brief El Monte argues that:

1. The agreement that existed between San Gabriel and Los Angeles was never formally extended to nor assumed by El Monte.

2. El Monte was never notified that fire hydrant charges were based on anything other than a flat rate and San Gabriel's Schedule No. AA-5 was never provided to El Monte.

3. El Monte's fire chiefs were never authorized by the El Monte City Council to bind El Monte through contracts or agreements, and their acknowledgments of liabilities for payment of hydrant rentals could not be construed as authorizations for such payments by the city council. However, El Monte's payment of the bills might amount to an implied ratification of the fire chief's acknowledgment and, therefore, El Monte concedes to the existence of an implied contract for fire hydrant rental service.

4. A letter dated August 21, 1978 to San Gabriel by Fire Chief Masten asking for the removal of fire hydrant standby rental charges amounted to a request for a no-fee rental agreement with San Gabriel.

5. San Gabriel's contention that it was too busy to enter into negotiations for a no-rent hydrant contract is not well taken because there is nothing in contract law that requires a formal agreement be put in writing.

6. San Gabriel's president stated his willingness to negotiate a contract at the present time.

7. Subsection 4 mandates a no-fee hydrant agreement be negotiated if either the utility or a public agency so requests.

8. El Monte is entitled to a return of deposit of disputed funds amounting to \$6,126.35 for the period August 1978 through February 1979.

9. San Gabriel has shown no legal or equitable justification for not entering into a no-fee hydrant agreement with El Monte between August 1978 and the time the formal complaint was filed.

10. This Commission should retain jurisdiction over this action until an agreement is finalized to avoid dilatory tactics by either party.

### III - POSITION OF SAN GABRIEL

#### Evidence

Evidence presented on behalf of San Gabriel indicated that:

1. San Gabriel's tariffs provide that contracts will be required for service at other than filed rates and will become effective only after authorization by this Commission.



2. San Gabriel's Rule No. 10 provides for the discontinuance of service for nonpayment of bills.

3. There are several areas served by mutual water companies where San Gabriel does not provide domestic service but does provide public fire hydrant service.

4. The basic agreement between Los Angeles and San Gabriel was dated January 3, 1950 and the term of the agreement was for a one-year period from that date and then for one-year periods thereafter unless terminated by either party upon 30 days' notice.

5. At a meeting between representatives of Los Angeles and San Gabriel on May 9, 1978, San Gabriel's representative stated that San Gabriel was in the process of filing a rate increase application and that it understood that this Commission would not consider an offset advice letter filing for lost revenues resulting from a no-rent hydrant agreement under such circumstances.

6. San Gabriel experienced many delays in the preparation of its general rate increase application showing and was unable to file the application for several months after its intended filing date.

7. San Gabriel informed Los Angeles by letter dated September 21, 1978 that it had continued fire hydrant service with the understanding that the bills would be paid as provided in the tariffs.

8. Los Angeles deposited \$7,800 with this Commission which was not the full amount owed.

9. El Monte has deposited the disputed amount with this Commission.

10. A letter dated December 18, 1978 from this Commission to all investor-owned water utilities stated that a fire protection agency will not be relieved of obligations until it has entered into an agreement with the serving utility.

11. San Gabriel was prepared to proceed with discontinuance of service to Los Angeles for nonpayment of bills before filing of the formal complaint.

Argument

In its brief San Gabriel argues that:

1. General Order No. 103 provides that an agreement other than a no-rent fire hydrant agreement may be entered into by a utility and fire protection agency, and the no-rent provision is applicable only when specified conditions are met.

2. San Gabriel has repeatedly asserted its willingness to negotiate with Los Angeles with respect to a hydrant service agreement and to extend a similar agreement to El Monte. Special hydrant agreements with Los Angeles were discussed at a meeting between representatives of Los Angeles and San Gabriel on October 5, 1978, and San Gabriel reiterated its offer to negotiate a special agreement on November 16, 1978 in response to Los Angeles' informal complaint and on January 8, 1979 in its answer to Los Angeles' formal complaint.

3. Absent an agreement specifically relieving a fire protection agency of hydrant service charges, the charges under existing agreements or applicable tariff schedules are payable to the utility as clearly contemplated by Subsection 4.

4. The 1950 agreement between Los Angeles and San Gabriel provides that it can be terminated only on the anniversary date of the contract, or in this case January 3, 1979.

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5. The amounts due San Gabriel from Los Angeles for the period July 1978 through February 1979 of \$28,879.98 are due and payable because Los Angeles cannot be absolved of rental charges until an appropriate agreement is effected. Further, since San Gabriel has expressed its willingness to negotiate a hydrant service agreement, Los Angeles should be directed to pay the amounts due.

#### IV - DISCUSSION

##### General

For clarity and ease of understanding we will discuss these complex matters by the following component parts:

1. Subsection 4 of Section VIII of General Order No. 103 ✓
2. Los Angeles-San Gabriel Agreement
3. Los Angeles-Vallecito Agreement
4. El Monte's Fire Protection Service
5. Tariff Changes ✓

##### Subsection 4 of Section VIII of General Order No. 103

Subsection 4 reads as follows:

- "4. Fire Hydrant Agreement. The furnishing of fire hydrant service shall be by tariff schedule or, should the fire protection agency or the utility so request, by agreement between the utility and the fire protection agency responsible for the use of the hydrants. If such agreement between the utility and the agency provides that the agency thereafter shall maintain or cause to be maintained and install or cause to be installed all fire hydrants, starting with the tee in the main, and shall supply or cause to be supplied all labor and materials for all new hydrants on new or existing mains, the agency shall be relieved of hydrant service charges.

"The hydrant installation and maintenance costs for which the agency is to be responsible if it is to be relieved of hydrant service charges include, without limitation, the capital cost of new hydrant installations starting with the tee in the main and the branch gate valve, any hydrant replacements caused by age, wear, or change in hydrant standards, relocations to accommodate street improvements or changes of grade to the utility's pipelines or changes to the right-of-way, relocations or reconstructions of hydrants brought about by replacement of the main by the utility, maintenance (including repairs caused by traffic accidents and the expense of shutting down and reestablishment of service), mechanical maintenance, or adjustment of the hydrant, painting and clearing of weeds. If the utility and the agency reach such an agreement covering present and future hydrants which provides for no, or less than fully compensatory, hydrant service charges, the utility may treat its existing hydrant plant account and unrecovered expenses as part of its general plant account and expenses for ratemaking purposes."

The origin of Subsection 4 was Decision No. 84334 dated April 15, 1975 in Case No. 9263, our investigation into the feasibility of amending or revising General Order No. 103 by inclusion therein of provisions relating to fire protection service. The permissive elimination of hydrant charges was proposed by both the Commission staff and Committee. San Gabriel, Southwest Water Company, Suburban Water Systems, and Vallecito (Four Companies) opposed both the inclusion of detailed provisions conditioning the elimination of fire hydrant service charges in the general order and the concept

that a utility may treat its existing hydrant plant and expense accounts as a part of its general plant to offset revenue deficiencies created by the implementation of an agreement between a utility and fire protection agency providing less than fully compensatory revenues. Four Companies' witness favored the "imposition of fully compensatory fire hydrant rentals by the application of special tariff provisions designed to reflect actual full costs." (Mimeo. page 13.) We stated that "one of the bases for recommending provisions for the elimination of fire hydrant rentals is the difficulty the utilities are experiencing in collecting such charges" (mimeo. page 14), and noted that any method used that would result in higher charges to fire protection agencies would compound the revenue collection problem. It is axiomatic that the passage of Proposition 13 added to the difficulties experienced by utilities in effecting collections from fire protection agencies.

It is therefore obvious that Subsection 4 was inserted in the general order to serve as a vehicle to relieve the fire protection agencies of the fire hydrant rental charges and still protect the utility from any adverse effects from the resulting loss of revenue. Consequently, unless a fire protection agency is unable or unwilling to provide the hydrant installation and maintenance costs detailed in Subsection 4, it would be anticipated that any agreement reached between the utility and fire protection agency would reflect the exclusion of hydrant service charges.

Los Angeles-San Gabriel Agreement

The Los Angeles-San Gabriel agreement was dated January 3, 1950 and provided that Los Angeles would:

1. furnish and pay for the installation of fire hydrants by San Gabriel;
2. pay for any repairs, removals, replacements, or relocations of any connections or hydrants required by Los Angeles; and
3. pay San Gabriel \$1.50 per month per hydrant for each hydrant connected to a main of four inches or larger in diameter and \$1 per month per hydrant connected to mains of less than four inches in diameter;

and that San Gabriel would furnish Los Angeles water for extinguishing fires and for the purpose of fire drills.

According to the record, Los Angeles performs such maintenance work as clearing the weeds from around the hydrants, checking and repairing the hydrant's working parts, and painting the hydrants where required.

The agreement also provided that its term would be for one year from January 3, 1950 and thereafter for one-year periods unless cancelled by either party on 30 days' notice. San Gabriel alleges that the 30 days' notice relates to the anniversary date of the contract and that it can be cancelled only on the anniversary date, in this case January 3, 1979. Los Angeles interprets this provision as indicating that the agreement will continue in effect for additional one-year periods only if it is not cancelled on 30 days' notice. We agree with San Gabriel and will consider the agreement terminated as of January 3, 1979 and not as set forth in Los Angeles' letter dated April 5, 1978 to San Gabriel. From January 3, 1979 until a subsequent agreement is placed in effect, or 60 days after the effective date of this order, whichever occurs first, we will consider

Los Angeles as being served on San Gabriel's tariff Schedule No. AA-5 for the territory served by San Gabriel exclusive of the Vallecito rate area. It will be noted that Schedule No. AA-5 contains the same rate per hydrant as included in the January 3, 1950 agreement so that transferring Los Angeles from a special agreement to San Gabriel's tariffs will not affect revenues.

Los Angeles-Vallecito Agreement

Los Angeles had an agreement with Vallecito dated September 7, 1954. Vallecito was merged into San Gabriel in November 1974, so in effect the Los Angeles-Vallecito agreement is a Los Angeles-San Gabriel agreement applicable for San Gabriel's Vallecito rate area.

The agreement provided that Los Angeles shall:

1. pay a monthly charge for fire hydrant service of \$2 per month per hydrant,
2. pay for the fire hydrants ordered installed and the cost of resurfacing or replacement of pavement, and
3. pay for the replacement, enlargement, or relocations of hydrants requested by Los Angeles;

and that San Gabriel shall:

1. supply water necessary for fire protection and fire drills,
2. install fire hydrants at its expense, exclusive of the fire hydrant cost and/or the cost of resurfacing or replacement of pavement, and
3. repair and maintain hydrants as necessary.

The agreement also provided that it would remain in full force and effect for a period of one year from September 1, 1954 and thereafter for one-year periods unless terminated in writing at least 30 days prior to the expiration date of any one-year period. Both Los Angeles and San Gabriel agree that in accordance with Los Angeles' letter dated April 5, 1978 to Vallecito, the agreement was cancelled effective September 1, 1978. We will consider that service is being rendered to Los Angeles in the Vallecito rate area on tariff Schedule No.EMV-5 until a new agreement is reached or until 60 days after the effective date of this order, whichever occurs first. As with the service on San Gabriel's Schedule No.AA-5, there will be no revenue effect resulting from the transfer from an agreement to a tariff schedule.

El Monte's Fire Protection Service

El Monte's fire protection service is provided by three privately owned water utilities, one municipal water system, and three mutual water systems. The bulk of the system, approximately 600 of approximately 1,150 hydrants, is served by San Gabriel on its Schedule No. AA-5. This tariff provides that the hydrants are to be repaired, maintained, painted, and inspected at the expense of the fire protection agency. According to the testimony, El Monte pays for the installation of new and replacement hydrants and such hydrants remain the property of El Monte.

It will be noted that the provisions of tariff Schedule No. AA-5 parallel, to a large extent, the provisions of the Los Angeles-San Gabriel agreement dated January 3, 1950. As with Los Angeles, El Monte will continue to receive service in accordance with San Gabriel's tariff schedules until such time as an agreement is effected.



Tariff Changes

Los Angeles' letters dated April 5, 1978 to San Gabriel and Vallecito and El Monte's letter dated August 21, 1978 clearly indicate these fire protection agencies' desires and intentions to effect an agreement with San Gabriel which relieves these agencies of fire hydrant service charges. Both El Monte and Los Angeles have indicated a willingness and capability of assuming the requisite hydrant installation and maintenance charges necessary for such an agreement. In fact, the record indicates that with the exception of the Vallecito rate area, most, if not all, of these costs are presently being met by the two fire protection agencies.

Exhibit 1, presented into evidence by Los Angeles, includes a proposed agreement approved by the Los Angeles County Board of Supervisors acting as the Board of Directors of Los Angeles. According to the testimony, this agreement was formulated and adopted by Committee and, with slight word modifications, has been executed with at least two privately owned water utilities. It was obvious from the tenor of cross-examination questions of Los Angeles' witness that San Gabriel believes that some of the provisions of the agreement are incomplete or inadequate. The agreement does, however, represent the consensus of the majority of water utilities and fire protection agencies and, therefore, at the very least, should prove useful as a starting point for negotiations for an acceptable agreement.

As noted on the record, utilities serve their customers either on approved and filed tariffs or in accordance with special agreements which do not become effective until

approved by this Commission. The number of fire protection agencies served by a large utility severely limits the practicability of effecting a separate agreement with each and every fire protection agency. Under these circumstances, a standard agreement to be used as an optional tariff for those fire protection agencies seeking to be relieved from fire hydrant service or rental charges if they are willing and able to provide the required hydrant installation and maintenance costs appears to be in order. The order that follows will require San Gabriel to expeditiously commence negotiations with Los Angeles and El Monte and utilize the resulting agreements as a standard tariff optional to tariff Schedules No. AA-5 and No. EMV-5. Such a tariff is to be effected by an advice letter filing to be made within 60 days of the effective date of this order. To preclude undue delay in the negotiations, the hydrant rental charges will cease no later than 60 days after the effective date of this order.

San Gabriel's general rate increase application hearings were held on July 31, 1979 and the effect of the elimination of the fire hydrant fees was not considered in that proceeding. Consequently a future offset advice letter filing to compensate for the loss of revenues will be permitted.

San Gabriel, in this and other proceedings, has consistently taken the position that an offset rate to compensate for lost hydrant rentals should not be assessed on a uniform charge per unit volume, as such a rate would place most of the burden on the heavy user who might not be imposing a proportionate share of the fire protection costs. To mitigate this inequity, we will, when the matter comes before us, give consideration to offsetting fire hydrant rental losses by increased service charges in those areas where the fire protection agency effects a no-rent hydrant agreement.

It is contemplated that the loss of revenue resulting from no-rent hydrant agreements will be offset by increased charges for San Gabriel's customers only to the extent that such hydrants provide fire protection to these customers. Separate arrangements may be necessary to protect San Gabriel from loss of revenue for those areas where San Gabriel serves the fire hydrants but not the general metered service water customers.

Findings of Fact

1. Subsection 4 of Section VIII of General Order No. 103 anticipates that payment for fire protection service will be received from the responsible fire protection agency either by tariff schedule or by agreement.

2. Subsection 4 also provides that service shall be furnished by agreement should either the utility or fire protection agency request such an agreement.

3. It is the intent of Subsection 4 to provide a vehicle whereby the fire protection agencies shall be relieved of hydrant service charges when they are willing and able to assume the hydrant installation and maintenance costs as detailed in the second paragraph of Subsection 4.

4. Subsection 4 further provides that if the agreement reached by the utility and fire protection agency provides for no or less than fully compensatory hydrant service charges, the utility may treat its existing hydrant plant account and unrecovered expenses as a part of its general plant account and expenses for ratemaking purposes.

5. Los Angeles had an agreement with San Gabriel for service to fire hydrants dated January 3, 1950. This agreement was terminated as of January 3, 1979 at which time Los Angeles commenced service on San Gabriel's tariff Schedule No. AA-5 where applicable.

6. Los Angeles had an agreement with Vallecito \_\_\_\_\_  
(which was merged into San Gabriel in November 1974)  
dated September 7, 1954. This agreement was terminated as of  
September 1, 1978 at which time Los Angeles commenced service  
for the Vallecito rate area on tariff Schedule No. EMV-5.

7. El Monte is receiving public fire hydrant service  
from San Gabriel on tariff Schedule No. AA-5. El Monte is  
also receiving fire hydrant service from other water purveyors  
outside the service area of San Gabriel.

8. Los Angeles, under the terms of its agreement dated  
January 3, 1950, provided fire hydrants to San Gabriel and,  
after installation, such hydrants became the property of  
San Gabriel. Los Angeles also paid for all necessary repairs,  
removals, replacements of any connections or fire hydrants,  
and performed annual maintenance work on the hydrants.

9. In the Vallecito rate area San Gabriel, under the  
terms of the agreement dated September 7, 1954, would install  
fire hydrants at its own expense exclusive of the cost of the  
fire hydrant and resurfacing or replacement of pavement and  
would repair all hydrants covered by the agreement at its  
expense.

10. Los Angeles proffered for the consideration of San  
Gabriel a no-rent agreement similar to the model agreement  
prepared by Committee. Such agreement should prove useful  
as a starting point for negotiations for a no-rent agreement  
between San Gabriel and Los Angeles and El Monte.

11. Since Los Angeles and El Monte are willing and able  
to assume hydrant installation and maintenance costs, Los Angeles  
and San Gabriel and El Monte should forthwith negotiate no-rent  
agreements as contemplated by Subsection 4. To preclude undue  
delay in completion of such negotiations, the fire hydrant service  
charges should cease no later than 60 days after the effective date  
of this order.

12. The resulting agreements should be filed within 60 days of the effective date of this order by advice letter filing as an optional standard tariff available to fire protection districts willing and able to assume hydrant installation and maintenance costs.

13. Los Angeles and El Monte should pay hydrant rental charges as set forth in tariff Schedules No. AA-5 and No. EMV-5 until such time as they take service on the no-rent fire hydrant tariff above described or until 60 days after the effective date of this order, whichever occurs first.

14. Monies deposited with the Commission by Los Angeles and El Monte should be forwarded to San Gabriel in partial payment of amounts owed. The balance of monies owed, computed in accordance with San Gabriel's tariffs, should be forwarded to San Gabriel.

Conclusions of Law

1. The relief requested should be granted to the extent set forth in the following order.

2. The sum of \$7,800 on deposit with this Commission for Los Angeles and \$6,126.35 for El Monte should be forwarded to San Gabriel as payment on account for monies owed.

3. Los Angeles and El Monte should continue to receive service in accordance with the provisions of San Gabriel's Schedules No. AA-5 and No. EMV-5 until such time as they receive service under the no-rent fire hydrant agreement to be filed by San Gabriel or until 60 days after the effective date of this order, whichever occurs first.

4. This Commission does not have jurisdiction to award attorneys fees to Los Angeles and El Monte. ✓

O R D E R

IT IS ORDERED that:

1. San Gabriel Valley Water Company (San Gabriel) shall forthwith commence negotiations with Consolidated Fire Protection District of Los Angeles County (Los Angeles) and the City of El Monte (El Monte) to effect a no-rent agreement similar to the model agreement developed by the Fire Protection Standards and Services Committee of the California Section of the American Water Works Association. The resultant agreement shall be filed as a standard optional tariff schedule by an advice letter filing within sixty days of the effective date of this order.

2. The sum of \$7,800 on deposit with this Commission for Los Angeles and \$6,126.35 for El Monte shall be forwarded to San Gabriel as payment on account for monies owed.

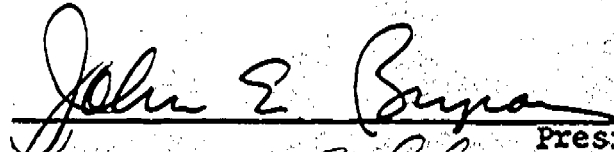
3. Los Angeles and El Monte shall receive fire hydrant service in accordance with the provisions of San Gabriel's tariff Schedules No. AA-5 and No. EMV-5 until such a time as they receive service under the no-rent fire hydrant agreement to be filed in accordance with Ordering Paragraph 1 above.

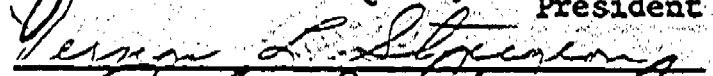
4. The fire hydrant service charges shall cease on the date that Los Angeles and El Monte receive service in accordance with the no-rent fire hydrant agreement to be filed in accordance with Ordering Paragraph 1 above or sixty days after the effective date of this order, whichever occurs first.

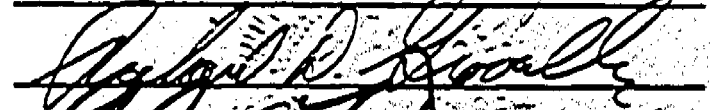
5. San Gabriel is authorized to file an advice letter requesting rate increase to offset losses in fire hydrant revenues resulting from the no-rent fire hydrant agreement ordered in paragraph 1. The staff shall analyze the rate increase request and make appropriate recommendations to the Commission.

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

Dated SEP 12 1979, at San Francisco, California.

  
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President

  
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Commissioners