

Decision No. 90979 NOV 6 1979.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SAN GABRIEL VALLEY WATER COMPANY for )  
 authority to consolidate its Whittier )  
 Division with its El Monte Division. )  
 and to increase rates charged for )  
 water service in the new consolidated )  
 division to be known as its Los Angeles )  
 County Division. )

Application No. 58416  
 (Filed October 18, 1978)

Brobeck, Phleger & Harrison, by  
Robert N. Lowry, Attorney at  
 Law, for applicant.  
William C. Bricca, Attorney at Law,  
 and Bert Patrick, for the  
 Commission staff.

INTERIM OPINION

San Gabriel Valley Water Company (San Gabriel) seeks authority to consolidate its Whittier Division with its El Monte Division and to make effective increases in rates charged by it in the new consolidated division to be known as the Los Angeles County Division (LA Division) for general metered service, for private fire protection service, for limited irrigation service, for construction and tank truck service, and for service to tract houses during construction. The proposed step rates are designed to provide a test year 1980 increase of \$1,860,633 (33.62 percent) over present rates, a test year 1981 additional annual increase of \$195,287 (2.64 percent), and a test year 1982 additional increase of \$204,912 (2.70 percent).

San Gabriel, a California corporation, is engaged in the production, distribution, and sale of water in Los Angeles County and in the distribution and sale of water in San Bernardino County to a total of approximately 61,000 connections. With the exception of San Gabriel's Montebello Hills System (M), the LA Division consists of one main interconnected system supplied from ground waters within the areas by 34 wells and 30 storage tanks having an aggregate capacity of approximately 24 million gallons. The M system is supplied its water from the Central Basin Municipal Water District.

After due notice, public hearing was held before Administrative Law Judge N. R. Johnson in Los Angeles on July 31, 1979 and the matter was submitted on August 23, 1979 upon receipt of late-filed Exhibit 9.

Testimony was presented on behalf of San Gabriel by its president, Robert H. Nicholson, Jr., by its vice president and general manager, Ivan G. Holmberg, by one of its vice presidents, Raymond E. Heytens, and by one of its engineers, Frank A. LoGuidice, and on behalf of the Commission staff by one of its research analysts, D. T. Gardner, by one of its associate utilities engineers, G. Y. Loo, and by one of its junior utilities engineers, Bas Panchadsaram. In addition, testimony on the alleged poor quality of water supplied by San Gabriel was presented by Philip L. Ramirez, Ellen Eichhorn, and Connie Zieto.

Synopsis of Decision

The decision authorizes San Gabriel to consolidate its El Monte and Whittier Divisions into its Los Angeles County Division and to increase its rates approximately \$1,454,500 (25.7 percent) for the test year 1980, an additional \$149,000 (2.1 percent) for the test year 1981, and an additional \$149,000 (2.0 percent) for the test year 1982. These increases

are intended to provide a rate of return of 9.57 percent on the adopted rate base of \$14,489,600, a return on common equity of 13.25 percent, and a times interest coverage of 2.57. The step-rate increases for the years 1981 and 1982 are intended to offset annual attrition in the rate of return of 0.5 percent. The quality of service rendered by San Gabriel was found to be satisfactory.

General

Late-filed Exhibit 9 was a comparison exhibit summarizing the areas of agreement and disagreement between the estimates and data of San Gabriel and the Commission staff. San Gabriel accepts as reasonable the Commission staff's estimates of normalized water consumption; basic operation and maintenance expenses adjusted where necessary for the adopted water sales and revenues; administrative and general expenses; taxes other than income, with State Unemployment Insurance tax based on a 2.4 percent rate; the staff's methodology for computing income tax, exclusive of investment tax credit computations; average depreciated rate base; attrition in rate of return; and basic rate design. San Gabriel disagrees with the Commission staff with respect to the effect of conservation on sales of water, the method of computing investment tax credit, and the allowable rate of return. In addition, the Commission staff proposes a step increase for the year 1981, whereas San Gabriel is requesting such an increase for both the year 1981 and the year 1982 in keeping with this Commission's notice to Class "A" water companies that a district of a water utility will not file for a general rate increase more often than once in three years.

Rate of Return

In the application, San Gabriel requested an increase of revenues of \$1,860,633 for the test year 1980 to provide an estimated rate of return of 9.2 percent. The return on common equity that would result were the requested increase of \$1,860,633 to be granted was not set forth in the application. Inquiry by the Commission staff revealed that the return on common equity contemplated in the preparation of the application was 13.50 percent, but that under updated capital structure data, a rate of return of 9.60 percent rather than 9.20 percent was necessary to provide such a return on common equity. Since the proposed rates were sufficient to provide a return on common equity of 13.50 percent, San Gabriel did not believe that an amendment to the application to reflect the revised capital structure was required. San Gabriel's witness testified that the requested 13.50 percent on common equity is only 3.4 percent greater than the 13.06 percent granted San Gabriel's Fontana Water Company Division in 1977 as contrasted to increases in the prime interest and discount rate since that time of in excess of 50 percent. Furthermore, according to the record, yields on common stock are at least 13 percent greater than in 1977. Under these circumstances San Gabriel believes a 13.50 percent return on common equity is fully justified.

The Commission staff's witness recommended an earnings allowance on common equity for the test year 1980 of 13.06 percent which on the staff's adopted capital structure produces a rate of return of 9.49 percent, or 0.11 percent below the 9.6 percent rate of return derived by the application of the requested increase in rates to San Gabriel's updated capital structure. The staff's exhibit on the cost of capital included twelve tabulations setting forth statistics on San Gabriel's common

stock and capital structure for the period 1969 through 1978, prime interest and discount rates from January 1976 to date, the effective interest and dividend rates on San Gabriel's long-term debt and preferred stock, comparative reported earnings on average total capital and data relating to average net plant investment for regional and California Class "A" water utilities, rates of return recently authorized for Class "A" utilities by this Commission, the rates of return related to various returns on common equity, and the staff-recommended rate of return and capital structure. Among other things, these tabulations indicated that San Gabriel's average earnings rate and times interest coverage were below the average of the nationwide utilities but were above the average of other California utilities. According to the record, the staff's recommended 13.06 percent return on common equity would provide an after-tax interest coverage of 2.36 times in 1980 and, in the opinion of the staff's witness, the resulting 9.49 percent rate of return strikes a reasonable balance between consumers' short-term interest of obtaining the lowest possible rates and long-term interest of ensuring the maintenance of good water service.

Additional factors which staff considered in arriving at its recommended return on common equity are:

- a. General economic climate.
- b. Current inflation rate.
- c. The fact that San Gabriel is a franchised monopoly and subject to regulation.
- d. Funds available from advances and contributions.
- e. Interest coverage.
- f. Interests of consumers as well as investors.
- g. Financial history of the firm.

It is noted that the staff's recommended return on common equity of 13.06 percent coincides with that authorized by D.88271 dated December 20, 1977 on San Gabriel's A.56714 for a general rate increase for its Fontana Water Company Division. In that proceeding, San Gabriel also requested a 13.50 percent return on common equity. The previously discussed substantial increases in the prime interest and discount rates, coupled with generally increased returns on common equity, justify some increase in the authorized return on common equity, but not as much as requested. Consequently, we find a return on common equity of 13.25 percent is reasonable to yield a rate of return of 9.57 percent developed as follows:

<u>Component</u>	<u>Capital Ratio 12-31-80</u>	<u>Cost Factors</u>	<u>Weighted Cost Totals</u>
Long-term Debt	53.47%	6.98%	3.73%
Preferred Stock	4.13	5.39	.22
Common Stock Equity	<u>42.40</u>	13.25	<u>5.62</u>
Total	100.00%		9.57%

This return on capital is the minimum needed to attract capital at a reasonable cost and not impair the credit of San Gabriel. Based on the subsequently adopted summary of earnings, the rate increase required to provide a 9.57 percent rate of return is \$1,454,500.

San Gabriel has accepted as reasonable the staff's estimate of an annual attrition in the rate of return of 0.5 percent. In keeping with our expectations that the districts of a Class "A" water utility not file a general rate increase more often than once in three years, we will authorize two-step increases of \$149,000 to offset the 0.50 percent attrition rate.

Such rates result in a better matching of the consumers' interests compared to setting a high initial rate which would yield the adopted rate of return for a three-year average. The supplemental filings we will require will permit further review of achieved rates of return in subsequent test years. The step-rate increases will be adjusted so that the authorized 9.57 percent rate of return will not be exceeded for the test years 1981 and 1982.

Voluntary Wage and Price Standards

In accordance with this Commission's request, San Gabriel presented an exhibit indicating compliance with the voluntary wage and price standards issued by the Council on Wage and Price Stability. Under the price standards, utilities such as San Gabriel that are unable to meet the price deceleration standard because of experienced uncontrollable price increases in goods and services may measure compliance with the price standards against a profit margin limitation. According to San Gabriel's exhibit the profit margin for adjusted test year 1980 at San Gabriel's proposed rates of 24.9 percent is less than the 25.3 percent combined profit margin for the Whittier and El Monte Divisions derived from D.83755 for the Whittier Division for test year 1974 and D.85824 for the El Monte Division for the test year 1975. The following tabulation compares the Los Angeles County Division profit margin authorized by D.83755 and D.85824 with actual experienced profit margin for October 1977 through September 1978, the profit margin at San Gabriel's proposed rates adjusted to reflect staff figures at an assumed 9.6 percent rate of return, and the profit margin at 1980 test year results using the rates authorized by this decision.

Item	: Authorized : : LA County : : Division :	: Actual : : Oct. 1977- : : Sept. 1978 :	: Proposed : : Adjusted : : to 9.4% RR:	: Authorized : : Rates :
(Dollars in Thousands)				
Gross Operating Revenues	\$5,411.4	\$5,580.5	\$7,302.5	\$7,123.8
<u>Operating Expenses</u>				
Income Taxes	350.9	111.8	426.5	426.2
Other Expenses	4,041.3	4,597.2	5,483.1	5,498.8
Total	4,392.2	4,709.0	5,909.6	5,925.0
Net Operating Income	1,019.2	871.5	1,392.4	1,198.8
Profit <sup>1/</sup>	1,370.1	983.3	1,818.9	1,625.0
Profit Margin	25.3%	17.6%	24.9%	22.8%

<sup>1/</sup> Net operating income plus income taxes.

It is obvious from the tabulation that the rate increase authorized by this decision falls within the voluntary wage and price standard limitations as measured by the profit margin limitation computations.

#### Rates

San Gabriel and the Commission staff agree on service charge-type rates and San Gabriel accepts the staff's service charge and rate design, including the staff's revision to \$.303 per 100 cubic feet for the first 300 cubic feet commodity charge on Schedule LAV-1 and agrees that the commodity charge in excess of 300 cubic feet should be used to reflect revenue requirements different than those utilized in the staff's proposed rates. The authorized rates will reflect such a design criteria.



Water Conservation Factors

The following tabulation compares the percent water conservation factor used by the staff and as revised by San Gabriel on July 31, 1979:

	<u>Staff</u>	<u>San Gabriel</u> <u>7-31-79</u>
Commercial - Bimonthly	4.8%	6.4%
Commercial - Vallecito Zone II	21.6	19.0
Commercial - Monthly	22.8	22.9
Public Authority - Bimonthly	11.3	18.1
Public Authority - Monthly	4.2	4.1

Both the Commission staff's and San Gabriel's estimates were based on recorded data for the calendar year 1978. The difference in estimates reflects the utilization of normalized 30-year average data by the staff as contrasted to the use of 1978 recorded data by San Gabriel in deriving the water conservation factors. We are persuaded that the conservation factor should be related to weather-compensated sales forecasts and will therefore adopt the staff's conservation factors and sales and revenue estimates.

Summary of Earnings

As previously stated, San Gabriel accepts the staff's summary of earnings estimates with the exception of sales as related to water conservation factors, the computation of investment tax credit (ITC), and the State Unemployment Insurance (SUI) rate.

The staff's investment tax credit computation is based on a three-year average as contrasted to San Gabriel's estimate based on test year budgeted plant additions. Inasmuch as there is a slight difference between the estimates (due to the increase in payroll taxes), and the amount is relatively constant from year to year, we will adopt San Gabriel's estimate based on test year plant additions for purposes of this proceeding.

The staff's witness stated under cross-examination that the correct SUI rate should be 2.4 percent on a \$7,000 wage base rather than the 2.0 percent used by the staff. The staff's estimate for taxes other than income will be increased \$3,700 to reflect the correct SUI rate.

The staff submitted a summary of earnings for test year 1980 reflecting the latest rate charges authorized by D.90000 and D.90188 which reduced rates to reflect ad valorem tax savings resulting from passage of Proposition 13. It is appropriate to utilize these figures in deriving the following adopted summary of earnings.

By letter dated September 26, 1979 the city of Montebello (Montebello) informed this Commission that on August 14, 1978 Montebello was required "to pay San Gabriel Valley Water Company the sum of \$499,728.65<sup>1/</sup> based upon a Judgment in the nature of an inverse condemnation award based upon asserted duplication of services."

Montebello takes the position that its taxpayers, having been required to contribute \$499,728.65 to San Gabriel should not be required as ratepayers to pay rates based upon capital investments that they have already repaid to the utility.

It should be noted that the hearing was duly noticed in ample time to permit Montebello to prepare a presentation for introduction into evidence at the hearing, which would have been the logical and appropriate method of handling the situation. Instead Montebello elected to notify us of its position by a letter written more than a month after submission of the matter. It would be manifestly unfair to San Gabriel to withhold this decision to afford Montebello an opportunity to present testimony on this matter. We will, however, grant the increased rates on an interim basis subject to partial refund of a maximum of \$70,000<sup>2/</sup> should Montebello successfully present sufficient

---

<sup>1/</sup> Consists of \$350,000.00 in damages, \$83,590.48 in legal expenses, and \$66,138.17 in interest costs.

<sup>2/</sup> Effect of reducing the rate base by \$350,000 award for damages (9.57 percent x 350,000 x net-to-gross multiplier).

evidence to support its position. We will permit Montebello an opportunity to present its evidence in public hearings provided that an offer of proof by Montebello, to be submitted within 30 days after the effective date of this order, establishes the need therefor.

Summary of Earnings  
(Estimated Year 1980)

Item	Staff Estimated (a)	Adjustment (b)	Adopted (c)
(Dollars in Thousands)			
Operating Revenues	\$ 5,669.3	-	\$ 5,669.3
<u>Operating Expenses</u>			
Operating & Maintenance	3,517.5	-	3,517.5
Administrative & General	966.0	-	966.0
Depreciation	491.9	-	491.9
Taxes, Other Than Income	316.2	3.7 <sup>1/</sup>	319.9
Income Taxes	(303.7)	(1.9) <sup>2/</sup>	(305.6)
Total Expenses	4,987.9	1.8	4,989.7
Net Operating Revenues	681.4		679.6
Rate Base	14,489.6		14,489.6
Rate of Return	4.70%		4.69%

(Red Figure)

<sup>1/</sup> Increase SUI rate from 2.0 percent to 2.4 percent.

<sup>2/</sup> Compute ITC on year 1980 rather than on three-year average. Recompute income taxes to reflect adopted results.

Consolidation of Divisions

San Gabriel requests that it be authorized to combine its El Monte and Whittier Divisions into one division to be known as the Los Angeles County Division. According to San Gabriel the circumstances that exist to make such a consolidation of divisions beneficial to San Gabriel and its customers are as follows:

(a) The adjudication of water rights to both water basins in which the respective divisions are located, with both basins now being operated under management plans, and resulting in near uniformity of water costs.

(b) The interconnection of the systems of the two divisions with a substantial portion of the water delivered in the Whittier Division being produced in the El Monte Division area.

(c) The reduced size of the Whittier Division, both in area and customers served, as a result of the sale under threat of condemnation in February 1977 of a portion of this Division, including a total of 5,029 service connections, to the city of Pico Rivera.

(d) The use of common management and field operating personnel, warehousing, vehicular, and other equipment in the two divisions.

(e) The economies in time and expense which can be achieved by simplification or elimination of various time, material, and other allocations now required between the two divisions.

The Commission staff recommends that the consolidation of the two divisions be approved as being in the best interests of the customers. The order that follows will provide for such a consolidation.

Water Quality Complaints

Three of San Gabriel's customers presented testimony complaining of the quality of water being supplied by San Gabriel. Pursuant to the request of the presiding Administrative Law Judge, company personnel discussed this matter with the three customers and the results of these discussions were included in summary form with late-filed Exhibit 9. In general, the complaints resulted because newly arrived complaining customers were unfamiliar with water characteristics in the local area or from transit conditions that have subsequently been corrected. According to San Gabriel, all three customers indicated present satisfaction with the quality of water and agreed to notify San Gabriel's personnel should water quality again deteriorate.

Findings

1. San Gabriel Valley Water Company should be authorized to consolidate its Whittier and El Monte Divisions into one division to be known as the Los Angeles County Division.
2. San Gabriel is in need of additional revenues for its Los Angeles County Division, but the proposed rates set forth in the application are excessive.
3. The adopted estimates previously discussed herein of operating revenues, operating expenses, and rate base for the test year 1980 reasonably indicate the results of San Gabriel's operations in its Los Angeles County Division in the near future.
4. A rate of return of 9.57 percent on the adopted rate base of \$14,489,600 is reasonable. Such rate of return will provide a return on equity of approximately 13.25 percent and a times interest coverage of 2.57.
5. An operational slippage of approximately 0.50 percent at proposed rates will be experienced and is sufficient to justify the authorization of a stepped progression of rates.

6. The increases in 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 authorized increase in rates at the 9.57 percent rate of return for the test year 1980 is expected to provide increased revenues for San Gabriel's Los Angeles County Division of approximately \$1,454,500 (25.7 percent) for the first 12-month period and an additional \$149,000 (2.1 percent) for the test year 1981 and an additional \$149,000 (2.0 percent) for the test year 1982 as compared to a requested increase of \$1,860,633 (33.6 percent) for the first 12-month period, \$195,287 (2.6 percent) for the second 12-month period, and \$204,912 (2.7 percent) for the third 12-month period.

8. Montebello will be granted leave to file within 30 days an offer of proof of facts supporting its position that the adopted rate base should be reduced by \$499,728.65 and the rates adjusted accordingly.

9. A public hearing will be heard on Montebello's position should its offer of proof so require.

10. The quality of service rendered by San Gabriel in its Los Angeles County Division is adequate.

11. The rate increase authorized by this decision falls within the voluntary wage and price standard limitations as measured by the profit margin limitation computations.

The Commission concludes that the application should be granted to the extent set forth in the order which follows, which should be effective the date of signature given the demonstrated need for rate relief.

INTERIM ORDER

IT IS ORDERED that:

1. After the effective date of this order, San Gabriel Valley Water Company (San Gabriel) is authorized to file the initial revised rate schedules attached to this order as a portion of Appendix A and concurrently to cancel and withdraw the presently effective schedules. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. These rates in the amount of \$70,000 annually shall be collected subject to refund.

3. The city of Montebello shall be granted a public hearing to present its position on rate base adjustment provided that an offer of proof is submitted within thirty days of the effective date of this order, which justifies such public hearing.

4. San Gabriel is authorized to file on or before December 1, 1980 the lesser of the first attrition offset increase included as a portion of Appendix A attached to this order or the increase required to provide a rate of return of 9.57 percent on rate base for the 12 months ended October 31, 1980 reflecting normalized climatic conditions and initial revised rates. Such filing shall include appropriate work papers and comply with General Order No. 96-A. The effective date of the revised schedules shall be January 1, 1981. The revised schedules shall apply only to service rendered on and after January 1, 1981.

5. San Gabriel is authorized to file on or before December 1, 1981 the lesser of the second attrition offset increase included as a portion of Appendix A attached to this order or the increase required to provide a rate of return of 9.57 percent on rate base for the 12 months ended October 31, 1981 reflecting normalized climatic conditions and the first attrition offset rates. Such filing shall include appropriate work papers and comply with General Order No. 96-A. The effective date of the revised schedules shall be January 1, 1982. The revised schedules shall apply only to service rendered on and after January 1, 1982.

6. San Gabriel is authorized to consolidate its El Monte and Whittier Divisions into its Los Angeles County Division.

The effective date of this order is the date hereof.

Dated NOV 6 1979, at San Francisco, California.

John E. Byrne  
President  
Herzog L. Sturgeon  
Richard D. Kroll  
Robert J. Smith  
Samuel W. Smith  
Commissioners



APPENDIX A  
Page 1 of 10

Schedule No. LAA-1  
Los Angeles County Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Arcadia, Baldwin Park, El Monte, City of Industry, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, Santa Fe Springs, San Gabriel, South El Monte, West Covina, Whittier and vicinity, Los Angeles County.

RATES

Quantity Rates:

	<u>Per Meter Per Month</u>	
First 300 cu.ft., per 100 cu.ft. . . . .	\$ .276	(I)(C)
Next 19,700 cu.ft., per 100 cu.ft. . . . .	.343	
Over 20,000 cu.ft., per 100 cu.ft. . . . .	.328	(I)

Service Charges:

For 5/8 x 3/4-inch meter . . . . .	3.40	(I)
For 3/4-inch meter . . . . .	3.80	
For 1-inch meter . . . . .	5.15	
For 1-1/2-inch meter . . . . .	10.35	
For 2-inch meter . . . . .	16.50	
For 3-inch meter . . . . .	29.00	
For 4-inch meter . . . . .	42.00	
For 6-inch meter . . . . .	72.00	
For 8-inch meter . . . . .	108.00	
For 10-inch meter . . . . .	122.00	(I)

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

(N)  
|  
(N)

APPENDIX A  
Page 2 of 10

Schedule No. LAV-1  
Los Angeles County Division  
Vallecito Zone II Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the community of Hacienda Heights and vicinity,  
Los Angeles County.

RATES

Quantity Rates:

	<u>Per Meter</u> <u>Per Month</u>	
First 300 cu.ft., per 100 cu.ft. . . . .	\$ .303	(I) (C)
Over 300 cu.ft., per 100 cu.ft. . . . .	.398	(I)

Service Charges:

For 5/8 x 3/4-inch meter . . . . .	3.65	(I)
For 3/4-inch meter . . . . .	4.05	         
For 1-inch meter . . . . .	5.60	
For 1-1/2-inch meter . . . . .	11.15	
For 2-inch meter . . . . .	17.80	
For 3-inch meter . . . . .	31.00	
For 4-inch meter . . . . .	45.00	

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

SPECIAL CONDITION

The boundaries of Zone II are delineated on the tariff service area maps. Zone II includes areas generally above 700 feet elevation.

APPENDIX A  
Page 3 of 10

Schedule No. LA-3L  
Los Angeles County Division

LIMITED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service limited to existing irrigation customers at January 1, 1975 who annually utilize this service.

(T)  
|  
(T)

TERRITORY

Portions of the community of Hacienda Heights and vicinity, Los Angeles County.

RATES

	<u>Per Service Connection</u>		
	<u>Zone I</u>	<u>Zone II</u>	
Quantity Rates:			
First 1,800 cu.ft., or less . . . . .	\$5.95	\$6.90	(I)
Over 1,800 cu.ft., per 100 cu.ft. . . . .	.281	.321	(I)
Minimum Charge:			
For each irrigation delivery scheduled	\$5.95	\$6.90	(I)

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

SPECIAL CONDITIONS

1. The boundaries of the zones are delineated on the tariff service area maps. Zone I includes areas generally lying below 700 feet elevation. Zone II includes areas generally above 700 feet elevation.
2. Irrigation water is not scheduled for delivery on Saturday or Sunday. Off-schedule irrigation water is available only by pre-arrangement at the office of company at least two days in advance of delivery.

APPENDIX A  
Page 4 of 10

Schedule No. LA-3L  
Los Angeles County Division

LIMITED IRRIGATION SERVICE

SPECIAL CONDITIONS - Continued

3. This service shall not be used by the customer for any purpose other than irrigation when and as scheduled by the company.

4. The minimum charge will apply to each delivery scheduled even though no water is used unless notice of cancellation of the scheduled delivery is given to the company at least two days before the scheduled delivery date.

APPENDIX A  
Page 5 of 10

Schedule No. LA-4  
Los Angeles County Division

(N)  
(N)

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for private fire protection purposes.

TERRITORY

The Los Angeles County Division, Los Angeles County.

(N)

RATE

Per Service  
Per Month

For each inch of diameter of fire protection service

\$ 3.00

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of the fire protection service.

2. The fire protection service shall be installed by the utility or under the utility's direction and shall be the sole property and subject to the control of the utility, with the right to alter, repair, replace, and the right to remove upon discontinuance of service.

3. The minimum diameter for fire protection service will be 4 inches. The maximum diameter shall not be larger than the diameter of the water main to which the fire protection service is attached unless said main is circulating, in which case with the approval of the utility the maximum diameter may be larger by not more than 2 inches than the diameter of said circulating main.

APPENDIX A  
Page 6 of 10

Schedule No. LA-4  
Los Angeles County Division

(N)  
(N)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS - Continued

4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.

5. The fire protection service facilities will include a detector check valve, backflow prevention device, or other similar device acceptable to the utility which will indicate the use of water. The facilities may be located within the customer's premises or within public right of way adjacent thereto. Where located within the premises, the utility and its duly authorized agents shall have the right of ingress to and egress from the premises for all purposes related to said facilities.

6. No structure shall be built over the fire protection service and the customer shall maintain and safeguard the area occupied by the service from traffic and other hazardous conditions. The customer will be responsible for any damage to the fire protection service facilities whether resulting from the use or operation of appliances and facilities on customer's premises or otherwise.

7. Subject to the approval of the utility, any change in the location or construction of the fire protection service as may be requested by public authority or the customer will be made by the utility following payment to the utility of the entire cost of such change.

8. The customer's installation must be such as to separate effectively the fire protection service from that of the customer's regular domestic water service. Any unauthorized use of water through the fire protection service will be charged for at the applicable tariff rates and may be grounds for the utility's discontinuing fire protection service without liability.

APPENDIX A  
Page 7 of 10

Schedule No. LA-4  
Los Angeles County Division

(N)  
(N)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS - Continued

9. There shall be no cross connection between the systems supplied by water through the utility's fire protection service and any other source of supply without the specific approval of the utility. The specific approval, if given, will at least require at the customer's expense, a special double check valve installation or other device acceptable to the utility. Any unauthorized cross connection may be grounds for immediately discontinuing fire protection service without liability.

10. The utility will supply only such water at such pressure as may be available from time to time as a result of its operation of the system. The customer shall indemnify the utility and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claims against the utility for any loss or damage resulting from service hereunder.

11. The customer shall be responsible for the periodic testing of backflow prevention devices as required by public authority or the utility. Any repair or replacement of such devices or of any other facilities installed to provide fire protection service shall be done at the customer's expense. Any refusal to comply with the above requirements may be grounds for the utility's discontinuing fire protection service without liability.

APPENDIX A  
Page 10 of 10

Schedule No. AA-9CL  
All Tariff Areas

SERVICE TO TRACT HOUSES DURING CONSTRUCTION

APPLICABILITY

Applicable to water service for house construction where houses are being constructed as part of a real estate development.

TERRITORY

The entire territory served by the utility.

RATES

For each lot for the construction period . . . . . \$4.00 (I)

SPECIAL CONDITIONS

1. This service is available only to real estate developers or builders who make application prior to installation of mains and services and who undertake the construction of houses as part of the development. At its option the utility may provide the service if application is made after mains and services have been installed.

2. Water service under this tariff schedule is only to be used for house construction. It does not include water use for landscaping or other tract improvement work.

3. When each house passes final inspection water service under this schedule will be terminated.



APPENDIX B  
Page 1 of 2

Los Angeles County 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>Rates to be Effective</u>	
	<u>1-1-81</u>	<u>1-1-82</u>
<b>Service Charge:</b>		
For 5/8 x 3/4-inch meter . . . . .	\$ .15	\$ .15
For 3/4-inch meter . . . . .	.20	.20
For 1-inch meter . . . . .	.25	.25
For 1-1/2-inch meter . . . . .	.50	.50
For 2-inch meter . . . . .	1.00	1.00
For 3-inch meter . . . . .	2.00	2.00
For 4-inch meter . . . . .	3.00	3.00
For 6-inch meter . . . . .	4.00	4.00
For 8-inch meter . . . . .	5.00	5.00
For 10-inch meter . . . . .	6.00	6.00
<b>Quantity Rates:</b>		
First 300 cu.ft., per 100 cu.ft. . .	0.001	0.001
Next 19,700 cu.ft., per 100 cu.ft. .	0.004	0.004
Over 20,000 cu.ft., per 100 cu.ft. .	0.004	0.004

APPENDIX B  
Page 2 of 2

Vallecito Zone II 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>Rates to be Effective</u>	
	<u>1-1-81</u>	<u>1-1-82</u>
<b>Service Charge:</b>		
For 5/8 x 3/4-inch meter . . . . .	\$ .15	.15
For 3/4-inch meter . . . . .	.20	.20
For 1-inch meter . . . . .	.25	.25
For 1-1/2-inch meter . . . . .	.50	.50
For 2-inch meter . . . . .	1.00	1.00
For 3-inch meter . . . . .	2.00	2.00
For 4-inch meter . . . . .	3.00	3.00
 <b>Quantity Rates:</b>		
First 300 cu.ft., per 100 cu.ft. . .	0.001	0.001
Over 300 cu.ft., per 100 cu.ft. . .	0.004	0.004

APPENDIX A  
Page 8 of 10

Schedule No. AA-9C  
All Tariff Areas

CONSTRUCTION AND TANK TRUCK SERVICE.

APPLICABILITY

Applicable to all water service furnished for construction purposes and for all water delivered to tank trucks from fire hydrants or other outlets provided for such purposes.

TERRITORY

The entire territory served by the utility.

RATES

Unit Rates:

For sidewalk construction, per 100 sq.ft. . . . .	\$0.20	(I)
For street curb construction, per 100 lin. ft. . . . .	.40	
For trench settling, per lin. foot of section of trench 2 ft. by 4 ft. . . . .	.015	
For sprinkling subgrade of street and roadway construction in application of oil or any form of patented oil paving or surfacing, or for rolling and settling subgrade, per 3,000 sq.ft. of roadway . . . . .	2.80	
For compacting of fill, per cu. yard of fill material . . . . .	.025	
For water delivered to tank wagon or truck, per 100 gals. . . . .	.065	(I)

Minimum Charge:

Per Month

For any service under this schedule . . . . .	\$10.00	(I)
---	---------	-----

SPECIAL CONDITIONS

1. Applicant wishing to obtain water deliveries under this schedule must obtain a written permit from the utility.
2. In addition, where water is to be obtained from fire hydrants, a permit must be obtained from the fire protection district or other public agency as it may require.

APPENDIX A  
Page 9 of 10

Schedule No. AA-9C  
All Tariff Areas

CONSTRUCTION AND TANK TRUCK SERVICE

SPECIAL CONDITIONS - Continued

3. For other temporary uses the quantity of water used shall be estimated or metered by the utility. Charges for such water shall be at the quantity rate for General Metered Service applicable to the tariff area within which the water is delivered. (N)

4. Applicant for temporary service shall be required to pay the utility in advance the net cost of installing and removing any facilities necessary in connection with furnishing such service by the utility.

5. Applicant for temporary service may be required to deposit with the utility a sum of money equal to the estimated amount of the utility's bill for such service. (N)