

ORIGINAL

Decision No. 92450 DEC 2 - 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CAMP MEEKER WATER SYSTEM, INC.
for authority to increase its rates
pursuant to Section 454 of the
Public Utilities Code in connection
with its public utility water
service.

Application No. 59317
(Filed December 4, 1979)

Silver, Rosen, Fischer & Stecher, by Martin J. Rosen and Michael J. Stecher, Attorneys at Law, for Camp Meeker Water System, Inc., applicant.
Frances S. Gallegos, for herself, protestant.
Lynn Ruggiero, for several landlords; and
William Patrick Smith, Attorney at Law, for himself; interested parties.
William C. Bricca, Attorney at Law, for the Commission staff.

O P I N I O N

Summary of Decision

This decision grants Camp Meeker Water System, Inc. (applicant) an increase in rates to yield additional revenues of \$16,197 which includes a return on rate base of 10 percent. It is applicant's first increase in rates since 1970.

The Application

Applicant seeks an increase in rates for its water service. The application alleges that "the present rates of applicant do not yield sufficient revenues to allow applicant to conduct its business and adequately render a satisfactory service.

Current projections of revenues and expenses indicate that applicant's losses will continue and increase."

A duly noticed public hearing was held in this matter before Administrative Law Judge Donald B. Jarvis in Camp Meeker on April 29 and August 28, 1980. It was submitted subject to the filing of transcript which was received on September 15, 1980.

Description of System

The water system is located in an unincorporated area of Sonoma County known as Camp Meeker. The area is hilly, heavily forested, and covered with thick undergrowth. Applicant serves approximately 350 customers. The system was initially constructed around 1900. The houses which it serves are old. Many of the homes are owned by absentee owners. In the past 10 years a number of homes, which were used as summer homes, have been occupied by all-year residents.

The system is complex. As many as 24 separate sources of supply feed into it under temporary emergency conditions. No single source is believed to have a capacity greater than 25 gallons per minute under optimum conditions. Some drop to 1-2 gallons per minute during the dry season in late summer and early fall. The system has 18 storage reservoirs with an aggregate capacity of 144,000 gallons. Most of the reservoirs are supplied directly by springs and wells. The springs are in remote areas which are only accessible by walking.

The distribution system includes more than 82,000 feet of piping. Approximately 74,000 feet are 2-inch diameter pipe or smaller. The transmission pipe is above ground and follows the contour of the ground. Some of the system's pipe is about 75 years old. Almost all of the active service connections are of 1/2-inch pipe.

The system was acquired by William C. and Leslie C. Chenoweth in 1951. It was incorporated in 1959. William and Leslie Chenoweth each own 50 percent of the shares of the corporation. William is president of the corporation. Leslie is vice-president. The Chenoweths own a lumber yard and other land in the county.

Present and Proposed Rates

Applicant's present rates were authorized by Resolution W-1208 which became effective on January 13, 1970. Applicant seeks an increase of approximately 266 percent, which would generate additional revenues of \$48,144.

Present and proposed rates are as follows:

ANNUAL RESIDENTIAL FLAT RATE SERVICE

<u>Rates</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>	<u>% of Increase</u>
For a single-family residential unit per service connection per year	\$51.00	\$187.00	\$136.00	266%

ANNUAL METERED SERVICE

Rates

Monthly Quantity Rates:

	<u>Per Meter,</u>	<u>Per Month</u>		
First 500 cu.ft. or less	4.00	14.60	10.60	266
Next 1,500 cu.ft., per 100 cu.ft.	.60	2.19	1.59	266
Over 2,000 cu.ft., per 100 cu.ft.	.50	1.83	1.33	266

Annual Minimum Charge:

	<u>Per Meter,</u>	<u>Per Year</u>		
For 5/8 x 3/4-inch meter	48.00	176.00	128.00	266
For 3/4-inch meter	60.00	220.00	160.00	266
For 1-inch meter	90.00	329.00	239.00	266

RECONNECTION CHARGE

Rates

Working Hours	2.50	12.50	10.00	400
Nonworking Hours	5.00	20.00	15.00	300

Applicant's Position

Applicant contends that it is operating at a loss and is in dire economic straits. It alleges that unless rate relief is granted bankruptcy is imminent.

Applicant asserts that in order to keep the company going it borrowed money from the Bank of America. It argues that the interest on this loan should be allowed as an operating expense. It also contends that its projected operating expenses for the test year are reasonable and should be allowed.

Position of the Commission Staff (staff)

The staff agrees that applicant is operating at a loss. It contends that a smaller rate increase than that sought by applicant should be granted. The staff also argues that the interest on the Bank of America note and certain legal, accounting, engineering, and other operating expenses should not be allowed for ratemaking purposes.

Position of the Customers

Eleven members of the public gave sworn statements at the hearings in Camp Meeker. Their testimony was divergent.

Some witnesses testified about service problems. They took the position that no increase should be granted until the service problems were corrected.

Other witnesses testified that a reasonable rate increase should be granted. One person stated that an increase should be granted to prevent the collapse of applicant. In his opinion, applicant, a privately owned utility subject to regulation by this Commission, was better than a public entity which would provide the same type of service at higher rates.

Material Issues

The material issues presented in this proceeding are:

- (1) Is applicant entitled to an increase in rates?
- (2) If applicant is entitled to a rate increase, what is the appropriate amount?
- (3) What is the appropriate treatment for ratemaking purposes of the Bank of America note and disputed operating expenses?

Discussion

Consideration of Customer Contentions

Some customers contend that no increase should be granted until certain alleged service problems are corrected. These service problems are the subject of a complaint which is under submission by the Commission. (Case No. 10250, Ruggiero et al v Camp Meeker Water System, Inc. et al.) They were fully litigated in the hearing on the complaint which preceded this application. The adjudication of the alleged service problems is not appropriate in this proceeding and will be determined in the complaint case.

While service is an important component of ratemaking, the Commission cannot deny applicant any rate increase for the reasons which follow.

It is undisputed that applicant is operating at a loss. "The theory on which the state exercises control over a public utility is that the property so used is thereby dedicated to a public use. The dedication is qualified, however, in that the owner retains the right to receive a reasonable compensation for use of such property and for the service performed in the operation and maintenance thereof." (Lyon & Hoag v Railroad Commission (1920) 183 C 145, 147; Federal Power Commission v Hope Natural Gas Co. (1944) 320 US 591.) Under the circumstances a refusal to grant applicant any rate increase would deny it due process of law. (Smyth v Ames (1898) 169 US 466.) In considering what rate relief should be given applicant the Commission will use a 1980 test year.

Operating Expenses

Most of the controversy in this proceeding relates to whether an item is includable in operating expenses or the proper amount to be used for includable items. Items about which there is agreement or where the differences are minor need not be discussed.

A. Employee Labor and Management Salaries

Applicant has a maintenance man who operates and maintains the system. In 1979, it paid him \$6,300 in salary plus a vehicle

allowance of \$3,600 for a total of \$9,900. Applicant employs an independent accountant who was paid \$2,560 for bookkeeping and clerical services. William Chenoweth received a travel allowance of \$1,200 for activities relating to the system. These amounts total \$13,660.

For the test year applicant estimates \$9,600 for the maintenance man's salary, \$4,800 for the vehicle allowance, \$3,600 for the services of the independent accountant^{1/} and management salaries of \$7,200. The total of these items is \$25,200.

The staff takes a different tack. It contends that the system "is large enough to support only one full-time employee. The employee would perform the day-to-day maintenance, manage the system, send out the annual customer bills, handle the collections, etc. These duties can be divided up among any number of people, as the owners see fit, but the total amount charged to customers should not exceed a reasonable salary for one full-time employee." The staff estimate for this expense is \$15,000.

The staff presented no evidence that the ideal employee exists and is available in Camp Meeker. Applicant is entitled to have included as expense for ratemaking purposes the amount it will reasonably spend for labor during the test year.

Base salary for the maintenance man in 1979 was \$6,300. Applicant estimates \$9,600 for the test year. The record indicates that because of health problems, the present maintenance man is unable to do heavy physical labor and hike into remote areas of the system.

^{1/} Applicant estimates \$7,100 for accounting and legal services. Some of this amount is allocated for rate application proceedings. This point will be considered later. The amount allocated for routine bookkeeping, tax, and clerical work is \$3,600.

The salary estimate for a maintenance man should be based on a person who can perform heavy physical maintenance. There should also be an increment for a relief person during vacations or periods of illness. The Commission finds \$8,500 to be reasonable for employee labor.

B. Vehicle Expense

The maintenance man provides his own vehicle for which he is reimbursed with a vehicle allowance. Applicant's estimate of \$4,800 is based on the amortized cost of a new 4 x 4 pickup truck over a 5-year period. Applicant also seeks to include in operating revenues \$4,200 as vehicle expense for William Chenoweth.

The staff contends that two vehicles are a "luxury" applicant cannot afford and that applicant's mileage estimates are excessive by any standard. We agree.

Applicant's estimates are in part based on annual mileage of 29,500 miles per year at an operating cost of 30¢ per mile. The staff witness testified that the distance necessary to drive to examine all of the portions of the system accessible by vehicle is approximately 20 miles. The roads in the area are winding. The staff witness calculated that if the maintenance man just drove around the system at 35 miles per hour it would take 800 hours to log 28,000 miles. This would take about one-third of the maintenance man's time, which would give him little time to work a system that needs constant maintenance. The staff witness contended that the calculation indicates the unreasonableness of applicant's estimate. He made his own estimate.

The staff witness testified that because of the terrain, 10 miles per hour was a reasonable speed for a vehicle to traverse the system. He estimated one trip a day around the system would result in 5,200 miles per year. He assumed a base figure of 5,000 miles and added 50 percent for extra trips around the system and trips to other communities for supplies. This resulted in a total of 7,500 miles. The staff witness applied a cost of 25¢ per mile for a total vehicle expense of \$1,875 to be rounded to \$2,000.

There is no justification for the inordinate vehicle expense estimated for management. The Chenoweths are not engaged in the day-to-day operation and maintenance of the system. Some trips to consult with the maintenance man, accountant, and attorney are warranted. One thousand miles per year for management vehicle expense is appropriate. The staff estimate of 7,500 miles of vehicle use for the maintenance man is reasonable and will be adopted.

The staff used 25¢ per mile for estimating vehicle expense. Applicant used 30¢. Applicant presented evidence of studies dealing with the cost of operating vehicles. The staff witness testified that the 25¢ estimate was "an arbitrary figure", although he believed it to be reasonable. Bearing in mind that almost all of the vehicle operating expense applies to a four-wheel drive one operating in a hilly area, we are of the opinion that 30¢ per mile is reasonable.

C. Legal and Accounting Expenses

Applicant's estimate of operating expenses includes \$7,100 for accounting and legal expenses. The staff estimate is \$1,000.

As indicated, the staff's position, which has been rejected, is that applicant should be able to operate with a mythical \$15,000-a-year employee who will do almost everything for the system.

Applicant employs an independent accountant who keeps its books and provides billing, clerical, and tax services. He was paid \$2,560 in 1979. Applicant estimates this expense at \$3,600 for the test year. Considering the type of service supplied and an increment for inflation the Commission finds \$3,000 to be a reasonable estimate for the test year.

The staff witness took the position that, "Ordinarily, a small water utility has very little need for attorneys." (RT 134) From this he excluded attorney's fees from his estimate.

The record indicates that applicant was represented by counsel in the complaint proceeding previously mentioned. It is represented by counsel herein.

The staff witness testified that he believed the complaint proceeding was "not a normal occurrence" and that legal fees for that type of proceeding should not be utilized for the test year. He also testified that attorney's fees should not be included for representation in rate making proceedings. The contention is based on this proceeding, where he stated:

"I was told that representatives of the company came to the Commission and discussed an advice letter filing with the staff and were advised that some of the expenses that the company chose to recover through rates were not appropriate.

"And one of the parties to this discussion told me then the company went ahead and filed a formal rate case." (RT 159.)

In essence, the staff position is that if a small water company does not accede to its position the company should not ordinarily be allowed the expense of legal fees in controverting the staff for ratemaking purposes. This is contrary to law. Applicant has a right to be represented by counsel in a rate proceeding. (75 Am. Jur. 2d 164-65.) The question for ratemaking purposes is what expenses are reasonable?

The record indicates that there are problems with the system. In addition, it is not anticipated that applicant will wait 10 years before seeking future rate relief. With this in mind we consider the question of what is a reasonable amount for attorney's fees for the test year?

Applicant estimates \$2,000 for general attorney's fees for the test year. This is too high. We do not perceive that amount of ordinary legal work to be reasonable for this system. We find \$1,000 to be a reasonable estimate for ordinary legal services in a normal year of operation.

Included in the estimate for legal and accounting fees is \$1,500 for a rate proceeding. One thousand dollars is allocated to accountant fees and \$500 to attorney's fees. While this amount is not unreasonable for a contested rate proceeding it is not properly allocable to one year. It must be amortized. The Commission finds that a three-year amortization is appropriate. Five hundred dollars will be included in the test year for legal and accounting fees in connection with ratemaking.

D. Storage Space Rental

Applicant originally estimated \$4,200 for storage space to be rented from the Chenoweths. The evidence disclosed that the charge was for use of a building which had been condemned for general public use. It had formerly been rented to the federal government for \$30 per month. The staff contends that applicant is too small to afford a warehouse. It argues that applicant spends less than \$2,000 annually for supplies. The staff's position is that material should be stored without charge, at the home of the maintenance man or at the Chenoweth lumber yard. It would not allow any money for storage.

The record indicates that it is not practical to store supplies at the Chenoweth lumber yard. It is distant from the system. The expense of man-hours and mileage to get supplies from the lumber yard would be excessive. There is no evidence that the maintenance man has the facilities to store the supplies, which include chlorine, at his house or that he is willing to do so gratis. Applicant is entitled to a reasonable amount for storage. However, its estimate is exorbitant. The federal government paid \$30 per month rent for the storage facility before it was condemned for general public use. Assuming the building could command a greater rental value for its highest and best use it is more than applicant needs. We will allow \$30 per month for a storage facility. If the Chenoweths wish to use their property to generate greater revenue, this amount will enable the water company to rent other storage space in Camp Meeker.

E. Well Site Rental

Applicant included in its test year operating expenses \$750 for well sites rented from the Chenoweths. The staff contends that if the wells on these sites produced an adequate amount of potable water the amount would be fair and reasonable. However, the staff produced evidence that the wells produce little water during dry periods when water is most needed. The staff estimates \$400 for well site rental. We find the staff estimate more reasonable and it will be adopted.

F. The Bank of America Note

Applicant included in its estimate of operating expenses \$8,640 for the payment of interest on \$68,500 in notes payable to the Bank of America. Commencing in 1963, applicant borrowed money from the bank. The notes were guaranteed by the Chenoweths. The rate of interest on the notes is the prime rate plus one percent. Most of the money was used to cover net operating losses including amounts paid to the Chenoweths. A small amount was invested in plant. The staff contends that no interest should be allowed for ratemaking purposes.

Some of the money borrowed from the bank was paid to the Chenoweths. For example, over a period of years the Chenoweths billed applicant \$750 for well site rentals.^{2/} The money was not paid for many years. In October, 1979, applicant borrowed money from the Bank of America and paid the Chenoweths \$10,750 to eliminate all arrearages on the leases. This was not a reasonably prudent act on the part of utility management. The Chenoweths, who control applicant, favored themselves as creditors against the best interests of the customers. The impact of allowing interest on this note would require the customers to pay approximately \$1,800 more in rates.

^{2/} The Commission has previously found \$400 to be reasonable for ratemaking purposes for test year 1980.

However, even if the payments to the Chenoweths are adjusted or not considered, a significant portion of the borrowed monies was used for operating expenses in past years. Should the interest on these amounts be allowed for ratemaking purposes?

Applicant's predicament stems from the fact that it did not seek timely rate relief. It is now confronted with certain well-settled principles of public utility law.

The Commission has no power to change rates retroactively. (PT&T v P.U.C. (1965) 62 C 2d 634, 650-51.) Rates are set prospectively. Past losses cannot be included in the test year for setting future rates.

Applicant argues, however, that while it may not be able to recoup the losses the notes are an obligation whose interest should be paid by the current customers in order to prevent its financial collapse.

Before the advent of this Commission, the California Supreme Court held that:

“Many of the questions involved in this appeal are considered in the case of San Diego Water Co. v. San Diego, 118 Cal. 556, 62 Am. St. Rep. 261, and the propositions then determined are applicable to the present case. It was held in that case by a majority of the court that, for the purpose of fixing the rates to be charged or collected for furnishing water to the inhabitants of a city, provision should not be made for the bonded or other indebtedness of the company, or of the interest thereon; that the rates should be the same whether the works are acquired or constructed by the company from its own resources, or with money borrowed from others; that the value of the property which is necessarily used in furnishing the water is the basis upon which to determine the amount of revenue to be provided by the ordinance fixing the rates, and that while the cost of the plant is an element proper to be considered in determining its value, it is not conclusive thereof. Since the decision of that case the supreme court of the United States has decided the case of Smyth v. Ames, 169 U. S. 466, and in the opinion rendered by it this subject

received further consideration. The question there presented was the reasonableness of the rates that had been fixed by the state of Nebraska for transportation by railroads, and the court held that 'the basis of all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property being used by it for the convenience of the public.' Under the principles determined by these cases the amount of the capital stock paid into the plaintiff by its stockholders, as well as the amount of its bonded and floating indebtedness, and the interest payable thereon, become immaterial factors in the question." (Redlands, etc. W. Co. v Redlands (1898) 121 C 365, 367-68.)

The Commission has consistently held that interest on or attempts to capitalize past operating losses will not be allowed. (In re Oakland, Antioch and Eastern Ry. (1915) 8 CRC 452, 466, 469-70; Chamber of Commerce of San Pedro v Pacific Electric Railway Co. (1922) 22 CRC 236, 251.) The same rule has been applied to municipal utility districts.

"Nor can it be thought that it was the intention or within the contemplation of the legislature that the fact that the district needed the money or that it was under the necessity of raising money in a given amount should be considered as the controlling factor in fixing or setting a price or rate for the water which it was called upon to distribute to its patrons and that any question of the reasonableness or fairness of such set price, relatively speaking, as compared with prices for water generally, should be ignored and disregarded. A fair market value or fair service value is not generally regarded as being dependent upon mere financial necessity or exigency, or as being such as will satisfy such necessity or exigency. [citations omitted.]" (Engineering etc. Co. v East Bay M. W. Dist. (1932) 126 CA 349, 366.)

In the light of the foregoing authorities, interest on the Bank of America notes will not be allowed. Past operating losses must be borne by applicant. They cannot be charged to the present

customers directly or indirectly. If applicant is unable to put its financial house in order, the situation will be addressed as it occurs. If applicant is unable to absorb past operating losses and bankruptcy ensues, it will be succeeded by another operator or a public district. The Commission staff will be available to consult with applicant, the customers, and any interested party if such a situation were to develop.

G. Management Salaries

Applicant included \$7,200 for management salaries as expenses during the test year. The staff did not separately consider management fees. It used the \$15,000 estimate previously discussed.

Applicant is entitled for ratemaking purposes to a reasonable amount for management salaries if management contributes to the operation of the system (Capitol Accommodations, Inc. (1962) 60 CPUC 104, 106.) The record indicates that Leslie Chenoweth supervises the maintenance man, purchases parts and equipment, is responsible for the readiness of standby pumping equipment, arranges with the well driller for changing pumps, arranges for insurance and the handling of claims, determines the priority of repairs, and schedules storage tank cleaning. In 1979 he met with representatives of the State Department of Health during a time of water shortage. He consulted with engineers about the adequacy of the system. Considering the duties performed the Commission finds that \$3,200 is a reasonable amount for management salaries for the test year.

H. Other Matters

Applicant included in its estimates \$750 for general expenses, which is described as a contingency allowance. The staff recommends disallowance. We disagree. The record clearly indicates that the system has continuing maintenance and operating problems. The sum of \$750 for contingencies is reasonable and will be allowed.

The other differences between applicant and the staff are minor. Extended discussion is not warranted. A summary of operating results is as follows:

Results of Operation

<u>Items</u>	<u>Year</u> <u>1979</u> <u>Recorded</u>	<u>Year 1980 Estimated</u>		
		<u>Applicant</u>	<u>Staff</u>	<u>Adopted</u>
<u>Operating Expenses</u>				
Employee Labor	\$ 5,700	\$ 9,600	\$15,000	\$ 8,500
Power	2,349	3,396	3,700	3,700
Materials	1,330	1,500	2,000	2,000
Contract Work (Water Testing, Pump Repairs etc.)	656	2,400	850	850
Office Supplies & Expenses (Including Telephone)	271	1,042	750	750
Insurance	1,929	2,125	1,700	1,700
Accounting - Legal	9,159	7,100	1,000	4,500
Vehicle Expense ("Equipment Rent")	4,200	5,400		
	1,200	4,800	2,000	2,550
Well Site Rental	11,650	750	400	400
Bad Debts	-	500	300	300
Subtotal	<u>\$38,444</u>	<u>\$38,613</u>	<u>\$27,700</u>	<u>\$25,250</u>
Management Salaries	-	7,200	-	3,200
General Expense	-	750	-	750
Storage Space Rental	-	4,200	-	360
Water Main Restoration	-	2,500	-	-
Interest	4,639	8,640	-	-
Subtotal	<u>\$43,083</u>	<u>\$61,903</u>	<u>\$27,700</u>	<u>\$29,560</u>
<u>Taxes</u>				
Ad Valorem	480	487	480	480
Payroll and Other	531	1,590	1,500	1,500
State Corp. Franchise Tax	200	200	200	200
Federal Income Tax		289	250	250
Subtotal	\$ 1,211	\$ 2,566	\$ 2,430	\$ 2,430
Depreciation	789	318	1,000	1,000
Total Oper. Rev. Deductions	<u>\$45,083</u>	<u>\$64,787</u>	<u>\$31,130</u>	<u>\$32,990</u>

Rate of Return

Applicant's rate base is \$12,614. The application seeks a rate of return of 9.31 percent. The staff witness testified that a 10 percent rate of return would be reasonable. Because the rate base is so small, the difference between the two rates of return in dollars is insignificant. We will, therefore, adopt the staff's recommendation.

No other points require discussion.

Findings of Fact

1. Applicant will have gross operating revenues of \$18,054 and a return on rate base of minus 102 percent at presently authorized rates for the test year 1980, which is unreasonably low.

2. The sum of \$34,251 is a reasonable estimate of operating revenues for the test year 1980 at authorized rates.

3. The sum of \$8,500 is a reasonable estimate for employee labor for the test year 1980.

4. The sum of \$2,550 is a reasonable estimate for vehicle expense for the test year 1980.

5. The sum of \$4,500 is a reasonable estimate for accounting and legal fees for the test year 1980.

6. The sum of \$360 is a reasonable amount for storage space rental for the test year 1980.

7. The sum of \$400 is a reasonable estimate for well site rental for the test year 1980.

8. Commencing 1963, applicant borrowed money from the Bank of America. The notes were guaranteed by the Chenoweths. The rate of interest on the notes is the prime rate plus one percent. Most of the money from the notes was used to cover net operating losses, including amounts paid to the Chenoweths. There was \$68,500 in notes outstanding at the time of the hearing.

9. The sum of \$12,614 is a reasonable estimate for average depreciated rate base for the test year 1980.

10. A return on rate base of 10 percent is reasonable for applicant.

11. 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. The increases are in compliance with the Federal Wage and Price Guidelines issued by the Council on Wage and Price Stability.

12. The total amount of the increase in annual revenue authorized by this decision is \$16,197.

13. It is not reasonable to adjudicate service matters in this proceeding because they were fully litigated in Case No. 10250.

14. Because of applicant's financial plight and the fact that it is operating at a loss it is reasonable to make this decision effective on the date of issuance.

Conclusions of Law

1. The Commission cannot set rates retroactively.

2. Capitalization of past operating losses is not permissible.

It is improper to include in operating expenses interest on capitalized past operating losses.

3. The following results of operations should be adopted for the test year 1980 and utilized in establishing the rates authorized herein:

Operating Revenues	\$34,251
<u>Deductions</u>	
Operating Expenses	29,560
Depreciation Expense	1,000
Taxes	<u>2,430</u>
Total Deductions	32,990
Net Operating Revenue	<u>1,261</u>
Depreciated Rate Base	12,614
Rate of Return	10%

4. Applicant should be authorized to file the revised water rates set forth in Appendix A which are designed to yield \$16,197 in additional revenues based on the adopted results of operations for the test year 1980.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, Camp Meeker Water System, Inc. is authorized to file the revised rate schedules which are 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. Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103 Within ninety days after the effective date of this order, applicant shall file with the Commission two copies of this map.

The effective date of this order is the date hereof.

Dated DEC 2 - 1980, at San Francisco, California.

Joh E. Bryan
President

Richard D. Howell

Lawrence J. ...
Commissioners

Commissioner Vernon E. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. 1A

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated area known as Camp Meeker and vicinity, Sonoma County.

RATES

Monthly Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>		
All water, per 100 cu.ft.	\$ 1.00	(I)	(C)
 Service Charge:			
For 5/8 x 3/4-inch meter	6.00	(I)	
For 3/4-inch meter	6.60	(I)	
For 1-inch meter	9.00	(I)	

The Service Charge applies to all metered service connections, to it is added the charge for water used during the month at Quantity Rates.

(C)

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

The unincorporated area known as Camp Meeker and vicinity, Sonoma County.

<u>RATES</u>	<u>Per Service Connection Per Year</u>
For a single-family residential unit, including premises	\$ 93.60 (I)
For each additional unit on the same premises	72.00 (I) (N)

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter.
2. For service covered by the above classification, if the utility so elects a meter shall be installed and service provided under Schedule No. 1A, Annual Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
3. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods. A nonpermanent resident may elect to pay the annual charge in two equal installments. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.
4. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.