

Decision No. 28972

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SISKIYOU UTILITIES COMPANY, a corporation, for a Certificate of Public Convenience and Necessity, for an order authorizing issue of stock, for an order authorizing the purchase of the proposed properties of the applicant, for an order authorizing an increase in the stated capital, for an order authorizing an addition in the powers of the applicant, for an order approving rates, and for such other and further orders and approvals as may seem necessary or convenient.

ORIGINAL

Application No. 20419.

David R. Vanderburg, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Siskiyou Utilities Company, a corporation organized for the purpose of producing and selling water for domestic purposes and steam for heating purposes in the community of Tulelake, Siskiyou County, applies to the Commission for a certificate of public convenience and necessity to sell water and steam as a public utility; for authority to acquire certain water and steam-producing and distribution facilities; for authority to issue stock and to assume and create indebtedness; and for the establishment of rates.

A public hearing in this proceeding was held at Tulelake before Examiner MacKall.

Tulelake is an unincorporated townsite situated in the Tule Lake Division of the Klamath Irrigation Project of the Bureau of Reclamation, Department of Interior. Heretofore water service for domestic purposes has been furnished to a portion of the townsite by one of the residents as an accommodation but this service was discontinued in February of this year, whereupon Chas. Heitz, Lester Cummings and Clyde Barks, property owners in the townsite, constructed a water system to serve their individual properties with water and steam heat. As applications for water and steam service were received from other residents, said three property owners decided to form a corporation and provide water and steam heat on a public utility basis. Accordingly Siskiyou County Utility was organized by said Chas. Heitz, Lester Cummings and Clyde Barks, who are now directors and this corporation wished to acquire the water works and steam heating plant which said directors installed. The water system consists of a well, a 10,000-gallon tank on a 50-foot tower, a pump operated by steam, and 650 feet of distribution mains. The steam plant consists of two boilers together with distribution mains. At present there are nineteen users being served by the water system and five users served with steam for heating purposes. There is no domestic water or steam heating service now available in the townsite and as the necessary authority has been obtained from the Bureau of Reclamation, Department of Interior, to lay water and steam pipes in the streets of Tulelake, and no objection made by any present or prospective consumers a certificate of public convenience and necessity to

supply water and steam heating services will be granted.

The record shows the estimated original cost of the steam producing and distribution system is \$2,393.99 and that of the existing water plant \$4,510.92, making the total estimated cost of the two systems \$6,904.91.

Request is made for permission to acquire these properties and to reimburse each of the three owners, who are directors of the corporation, with 2,301 shares of common stock of a par value of \$1.00 a share, making a total proposed stock issue of \$6,903, which is approximately equivalent to the above total estimated cost of the properties. However, the testimony shows that these two systems were constructed piecemeal and by persons who were not entirely familiar with this type of construction and that the records of expenditures were incomplete and subject to some errors, which would reduce the total estimated cost of the properties to \$6,300. Of this sum there should be allocated \$1,369 to the steam plant and \$4,931 to the water system. Moreover, it appears that \$900 (1) was borrowed from the First National Bank of Merrill upon a six months' eight per cent note and that payments in the amount of \$171.90 are due on the pump and other facilities purchased and used in the construction of the water and steam systems, making a total indebtedness to be assumed by the corporation of \$1,071.90.

After considering all of the information submitted it appears that the maximum amount representing the cost or value of the properties that can be used in this proceeding, upon

(1) In the application the request is made by the corporation for permission to assume an obligation of \$1,500. However, at the hearing it developed that the obligation in fact amounted to but \$900.

the showing here made, as a basis for an order authorizing the capitalization of such properties, is the aforesaid sum of \$6,300. The company therefore will be authorized to assume the indebtedness of \$1,071.90 and to issue stock of the total par value of \$5,229, in acquiring the two systems referred to in this proceeding and described in Exhibit "B" attached to the application. In addition, the order will permit the company to issue a \$1,071 of stock to pay the indebtedness to be assumed.

There is attached to the application as Exhibit "J" a copy of a resolution passed by applicant's board of directors, on February 18, 1936 authorizing the president and vice-president, among other things, to execute and deliver in the name of the corporation, its promissory note, or notes, not exceeding in the aggregate at any one time the sum of \$3,000 and to execute, among other things, real property mortgages, chattel mortgages and other documents. In this connection, however, no definite showing was made as to the necessity of borrowing additional moneys and accordingly no authority will be granted the company in this proceeding at this time to issue notes or execute mortgages or other liens on the public utility properties. If in the future the necessity for such action arises, the company should at that time make the appropriate application to the Commission.

The Company in the application also asks the Commission to make its order authorizing it to amend its Articles of Incorporation so as to increase its authorized capital stock from 5,000 shares to 10,000 shares and to provide for the power to engage in the steam distributing business. However, in our opinion, these amendments to the articles can be made without securing the

approval of this Commission and it will not be necessary to make any order in connection with this portion of the company's application.

Because of the limited period of operation by applicant of both water and steam heating services, together with the lack of reliable records of actual operating costs, the data submitted is insufficient to base rates upon the past experiences of these two plants. However, the rates established in the following order should be fair and reasonable to both consumers and utility in this new and but partially developed community, and compare favorably with similar charges made for the same classes of utility service in the general vicinity under comparable conditions. Should any unreasonable discriminations arise in the future after operations have become stabilized in so far as the rates hereinafter established are concerned, application for readjustment thereof may be made to this Commission by the consumers or the utility.

O R D E R

Application having been made as entitled above, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully informed in the premises, and being of the opinion that the money, property or labor to be procured or paid for through the issue of \$6,300 of stock is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY
ORDERS AND DECLARES AS FOLLOWS:

1. That public convenience and necessity require that Siskiyou Utilities Company, a corporation, operate and maintain a water system and a steam heating plant for the respective purposes of supplying water and steam for heating purposes to consumers in the townsite of Tulelake, Siskiyou County, as said townsite is more particularly delineated on a map attached to the application herein and hereby made a part of this Order by reference.
2. That Siskiyou Utilities Company, a corporation, may acquire the water system and the steam plant in Tulelake owned by Charles Heitz, Lester Cummings and Clyde Barks, as such properties are more specifically described in Exhibit "B" attached to the application herein and made a part of this Order by reference.
3. That Siskiyou Utilities Company, a corporation, be and it hereby is authorized, in acquiring the properties referred to herein, to assume the payment of notes and other indebtedness amounting to approximately \$1,071 and to issue not exceeding \$5,229 par value of its capital stock, and in addition, to issue at par \$1,071 of its capital stock in payment of the notes and other indebtedness it is herein authorized to assume, provided that applicant shall keep such record of the issue of the stock and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report, as required by the Commission's General Order No. 24-3, which order, in so far as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that Siskiyou Utilities Company, a corporation, be and it is hereby directed to file with the Railroad Commission of the State of California, within thirty (30) days from the date of this Order, the following schedules of rates to be charged for water and for steam delivered to its con-

sumers in Tulelake, Siskiyou County, said rates to become effective as of the date of this Order:

WATER SERVICE
SCHEDULE NO. W 1

METERED RATES

Monthly Minimum Charges:

5/8 x 3/4-inch meter-----	\$2.50
3/4-inch meter-----	3.00
1-inch meter-----	4.50
1 1/2-inch meter-----	6.00
2-inch meter-----	9.00
3-inch meter-----	15.00
4-inch meter-----	20.00

Each of the foregoing "Monthly Minimum Charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following monthly quantity rates.

Monthly Quantity Rates:

First	500 cubic feet, per 100 cubic feet-----	\$.25
Next	2,000 cubic feet, per 100 cubic feet-----	.20
Next	5,000 cubic feet, per 100 cubic feet-----	.15
Next	10,000 cubic feet, per 100 cubic feet-----	.12
Over	17,500 cubic feet, per 100 cubic feet-----	.10

FIRE HYDRANT RATE

Fire hydrants furnished by utility on mains larger than 3 inches in diameter, --> per month	\$2.50
Fire hydrants furnished by utility on mains less than 3 inches in diameter, per month,	\$1.00

STEAM HEATING SERVICE

SCHEDULE NO. S-1

Character of Service:

This schedule applies to steam supplied for general heating purposes.

Territory:

Entire territory supplied.

Rate:

First	10,000 pounds per meter per month---	\$1.50 per thousand pounds
Next	10,000 pounds per meter per month---	1.30 per thousand pounds
Next	20,000 pounds per meter per month---	1.10 per thousand pounds
All over	40,000 pounds per meter per month---	.90 per thousand pounds

Minimum Charge:

\$5.00 per month per meter.

Special Conditions:

- (a) The consumption of steam will normally be measured by condensation meters. In cases where the condensation cannot be measured, the charge will be based upon the estimated consumption.

IT IS HEREBY FURTHER ORDERED that Siskiyou Utilities Company, a corporation, be and it is hereby directed to file with the Railroad Commission of the State of California, within thirty (30) days from the date of this Order, the rates herein ordered and in addition thereto rules and regulations governing each class of service, said rules and regulations to become effective upon their acceptance for filing by the Railroad Commission.

For all other purposes the effective date of this Order

shall be twenty (20) days from and after the date hereof. Under the authority herein granted no stock may be issued after May 31, 1937.

Dated at San Francisco, California, this 9th day of July, 1936.

M B Lewis

Leon O'Connell

Frank R. Devlin
Commissioners.