

ORIGINAL

Decision No. 62741

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
 on the Commission's own motion into)
 the operations, service, and)
 practices of the HAPPY VALLEY WATER)
 COMPANY, a corporation, and into)
 the adequacy of its finances, water)
 supply, and service.)

Case No. 6679
 (Filed July 29, 1960)

In the Matter of the Application of)
 HAPPY VALLEY WATER COMPANY, a)
 corporation, for authority to)
 increase rates.)

Application No. 43326
 (Filed April 18, 1961)
 (Amended April 24, 1961)

Robert I. Plotts, Thomas P. Plotts and L. C. Smith,
 for Happy Valley Water Company, respondent in
 Case No. 6679 and applicant in Application
 No. 43326.

William L. Knecht, for California Farm Bureau
 Federation and Shasta County Farm Bureau,
 interested parties in Case No. 6679 and
 protestants in Application No. 43326.

Jack Lee Burford, for Department of Water Resources,
 and Henry R. McArthur, for himself, interested
 parties in Case No. 6679.

Ira M. Shadwell, for Slater and Keeler, protestant
 in Application No. 43326.

John L. Slater, for Igo-Ono Water Users Association,
 interested party in Application No. 43326.

Elmer Sjostrom and John J. Gibbons, for the Commission
 staff.

O P I N I O NNature of Proceeding

The Commission on its own motion on July 29, 1960,
 instituted the above-entitled investigation (Case No. 6679) into
 the operations, service, practices, adequacy of finances, water
 supply and facilities of Happy Valley Water Company^{1/} to determine:

- I/ Happy Valley Water Company is a public utility water
 corporation having its principal place of business located in
 Clinda, Shasta County, engaged, among other things, in furnish-
 ing irrigation water service for the public generally in
 portions of Shasta County included in the Igo, Ono and Olinda
 districts.

1. Whether respondent is rendering adequate service to its customers;
2. Whether respondent has complied with the directing language set forth in Decision No. 55447, dated August 20, 1957;2/
3. Whether respondent has undertaken such steps as were necessary toward improvement of water service, as ordered by said Decision No. 55447; and
4. Whether any appropriate order or orders should be issued by this Commission in the lawful exercise of its jurisdiction.

Following one day of public hearing at Olinda on August 29, 1960 before Examiner William W. Dunlop, the Commission on November 15, 1960 issued its Decision No. 61062 directing Happy Valley Water Company as follows:

- "1. Not later than January 31, 1961, Happy Valley Water Company shall file with this Commission its detailed plans and specifications for replacement or repair of the two outlet pipes at Messelbeck Dam, together with a definite time schedule for commencing the work to be finished no later than December 31, 1961, the estimated cost thereof, and a feasible method of paying for said replacement or repair. A copy of said detailed plans and specifications shall be filed concurrently with the Department of Water Resources, State of California.
- "2. Happy Valley Water Company shall forthwith, but not later than thirty days from the effective date of this order, file with this Commission its 1959 annual report which was due to be filed on March 31, 1960 pursuant to General Order No. 104."3/

2/ The Order in Decision No. 55447, dated August 20, 1957 in Case No. 5797 reads, in part, as follows:

"IT IS HEREBY ORDERED that the defendant Happy Valley Water Company, a corporation, shall forthwith provide a proper and reasonable standard of service sufficient to meet the needs of its customers in strict compliance with its filed tariffs including its rule and regulation pertaining to periods of water deliveries and beginning not later than September 15, 1957, defendant shall submit to this Commission at thirty-day intervals, three reports in which shall be set forth the steps taken by defendant toward the improvement of water service as herein ordered."

3/ The report on Messelbeck Dam and the 1959 annual report have since been filed with this Commission.

Said Decision No. 61062 stated with respect to service conditions as follows:

"The evidence of record is convincing that respondent has not been and is not now rendering adequate service to its customers and that water deliveries are irregular, erratic, and undependable. In fact, respondent's acting secretary admitted on cross-examination such to be the case. At the continued hearings on this investigation, respondent will be expected to come forward with improvement plans, specifications, cost estimates, and feasible financing plans for remedying inadequate service conditions on its system."

Further public hearings were held on November 30, 1960 and on January 30, 1961. Thereafter, on April 18, 1961 Happy Valley Water Company filed Application No. 43326 and filed an amendment on April 24, 1961 seeking authority to increase its rates for water service. Application No. 43326 was consolidated for hearing with Case No. 6679 and hearings held on May 2 and June 15, 1961. The application was taken under submission with the filing of briefs on August 28, 1961 and Case No. 6679 was removed from the hearing calendar and held open for possible further Commission action.^{4/}

Compliance with Decision No. 55447

With respect to compliance with Decision No. 55447, an officer of Happy Valley Water Company testified that while an additional ditch tender had been hired for the balance of the 1957 irrigation season, for the 1958 season one full time and one part-time ditch tender was employed and for the 1959, 1960 and 1961 seasons only one ditch tender was hired. This witness acknowledged

^{4/} A second interim order (Decision No. 62429) was issued on August 13, 1961 directing that until authorization of the Commission has first been obtained, Happy Valley Water Company shall not dispose of any of its assets, including any lands now standing of record in the name of Happy Valley Water Company on the records of the County Recorder's Office of Shasta County.

that Happy Valley Water Company had not complied with the portion of Decision No. 55447 which required the filing of three reports setting forth the steps taken by respondent toward the improvement of water service.

Furthermore, the evidence is overwhelming that Happy Valley Water Company is not rendering adequate service to its customers; that water deliveries are irregular, erratic and unpredictable; and that customers have suffered great damage to their crops as a result thereof. The entire system is in urgent need of rehabilitation. Flume timbers need replacing. Weirs and diversion dams have been destroyed and need replacing. The main canal and laterals need cleaning and regrading.

Water System

The water system now owned and operated by Happy Valley Water Company was originally established about 1870 by Dry Creek Tunnel and Fluming Company in order to provide water for its mining operations. In 1907 the lands and water rights were acquired by the Happy Valley Land and Water Company, a public utility corporation, which operated the system until 1917, when it transferred the operations to the Happy Valley Irrigation District. The District carried on operations until it became bankrupt and was dissolved in 1925. Upon dissolution of the District, applicant herein, operating under a certificate of public convenience and necessity granted by Decision No. 15417, dated December 19, 1925, took over the operations. In said Decision No. 15417 it is stated, in part:

"The properties of the district include, in addition to the water system, the 13,000 acres, approximately, which had been acquired through foreclosure proceedings on account of nonpayment of assessments.--

"The reorganization plan, as adopted and approved, contemplates the dissolution of the district, the creation of two new corporations, one a land company and the other a public utility water company, and the creation of a lien, in favor of the water company, of \$60 an acre on each of the 13,100 acres of first and second-grade lands, such lien to be paid in annual installments of \$2 an acre with no interest."

The main source of water supply is obtained from the North Fork of Cottonwood Creek, although such supply is augmented during certain seasons by diversion from Moon, Hulen, Dobey, Eagle, Andrews and Hoover Creeks, and the South Fork of Clear Creek. Messelbeck Dam on the North Fork of Cottonwood Creek creates a 4,300 acre-foot storage reservoir. The water is carried from the reservoir in the natural channel of the North Fork of Cottonwood Creek about one-half mile below its junction with Moon Fork, where it is diverted by means of a concrete dam into a six-by-six foot tunnel. This tunnel is about one and one-quarter miles in length and empties into a natural channel by which means the water is carried to Hoover Creek and thence downstream about one-half mile where it is diverted into the main transmission canal. This canal, about 17 miles long, delivers water into Harbinson Reservoir which has a capacity of about 40-acre feet. The water from Harbinson is delivered by gravity to the customers through approximately 40 miles of ditches, flumes, and some concrete pipe. There are six compensating reservoirs located throughout Division 3, the main service area, with capacities varying from 3 to 40-acre feet.

The entire service area is segregated into three divisions. Division 1 provides water to 7 customers on lands which are served from the transmission canal between Hoover and Eagle Creeks. Division 2 contains 25 customers served from the main transmission

canal between Eagle Creek and Harbinson Reservoir. Division 3 consists of the irrigable lands which lie within the boundaries of the old Happy Valley Irrigation District at the end of the system. There are 176 customers served within Division 3.

Applicant's Position

Applicant claims it has operated at a loss for each year 1955 through 1960 as follows:

<u>Year</u>	<u>Net Operating Revenue</u>
1955	(\$ 7,720.50)
1956	(13,475.66)
1957	(13,590.69)
1958	(15,299.50)
1959	(14,285.52)
1960	(15,195.81)

Applicant asserts that its revenues have been insufficient to meet even its operating expenses exclusive of depreciation. Applicant further asserts that it has been unable to finance the cost of rehabilitation of its system and that the requested rates are necessary to repair the system to prevent its complete deterioration and to serve customers. Nineteen separate projects estimated to cost \$74,797 are included in the application which applicant proposes to complete during the next four years. Applicant states that the year of completion of a project will be moved ahead or back depending upon the revenues realized from its operations.

In addition, applicant has listed 15 future projects which are to be undertaken upon completion of the previously mentioned 19 projects. No estimate of the cost of the 15 future projects is contained in this proceeding.

Improvement Projects

The following tabulation sets forth applicant's 19 proposed improvement projects, together with the estimated cost, applicable division, and estimated year of completion of each project as indicated by Exhibit E-1 through E-19 of the application.

Projects

<u>Division 1</u>		<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>Total</u>
1.	Dam outlet valves	\$4,000	\$ -	\$ -	\$ -	\$ 4,000
2.	Diversion Dam Gate	-	811	-	-	811
3.	Source of Supply Weirs	-	-	4,591	378	4,969
4.	Hoover Creek Dam	-	1,183	-	-	1,183
5.	Dobey Creek Flume	-	5,496	-	-	5,496
6.	Rector Creek Flume	-	-	-	2,650	2,650
7.	Eagle Creek Flume	-	580	-	-	580
11.	Waste Gates Div. 1	-	-	2,500	1,250	3,750
Total Division 1		\$4,000	\$8,070	\$7,091	\$4,278	\$23,439
<u>Division 2</u>						
8.	Eagle Creek Tunnel	-	-	330	-	330
9.	Eagle Creek Ditch	-	-	-	500	500
10.	Reas Creek Ditch Section	-	-	-	2,120	2,120
12.	Waste Gates Div. 2	-	-	3,500	1,750	5,250
13.	Ditch Sections	-	5,653	5,653	5,653	16,959
14.	Igo Town Ditch	-	1,850	-	-	1,850
16.	Andrews Creek Ditch	-	-	-	450	450
17.	South Fork Clear Creek	-	-	-	5,075	5,075
Total Division 2		\$ -	\$7,503	\$9,483	\$15,548	\$32,534
<u>Division 3</u>						
15.	Distribution System					
	Div. 3	-	2,083	4,083	3,083	9,249
18.	Div. 3 Weir for Wholesale	975	-	-	-	975
19.	Distribution Structures	-	5,600	3,000	-	8,600
Total Division 3		\$ 975	\$7,683	\$7,083	\$3,083	\$18,824
Total All Divisions		\$4,975	\$23,256	\$23,657	\$22,909	\$74,797

Present and Requested Rates

Applicant's present rates were authorized to become effective on May 15, 1951 pursuant to Decision No. 45596 dated April 17, 1951 in Application No. 31486. The rates presently sought are set forth on Exhibits J-1, J-2 and J-3 of the application.

Three separate schedules, designated Schedules A, B and C, are proposed by applicant depending upon whether the applicant continues to retail all water deliveries as at present or whether applicant sells a portion of its water at wholesale to a water district at specified locations. Applicant estimates that present rates, based on 1959 water use, produce annual revenues of approximately \$15,200 compared with annual revenues from Schedule A of \$68,100, from Schedule B of \$42,100 and from Schedule C of \$26,400.

A comparison of present and requested rates is as follows:

Present Rates

Irrigation Service - Measured Rates Entire System Per Month

Quantity Rates

First 10 miner's inches ^{5/}	\$ 3.50
Next 20 miner's inches, per 5 miner's inches	1.50
Next 20 miner's inches, per 5 miner's inches	1.25
Over 50 miner's inches, per 5 miner's inches	1.00

Minimum Charge

For the irrigation season March 1 to October 31 inclusive in any calendar year	3.50
For service from November 1 to February 28, inclusive	5.00

Mining Service - Measured Rates

First 1,000 miner's inches, per miner's inch	\$ 0.15
Over 1,000 miner's inches, per miner's inch	.10

Domestic Service - Flat Rates

Within the town of Igo only	<u>Per Customer</u>
	<u>Per Year</u>
For each 3/4-inch hydrant	\$ 21.50

5/ A miner's inch, as used herein, is defined as a continuous flow of one-fortieth of a cubic foot of water per second. It would appear that the tariffs actually refer to miner's inch days. ✓
✓

Requested RatesA. Proposed Rate Schedule A - Operation of Entire System
Including Division 1, 2 and 3.

Rate per Miner's Inch

Division 1 and 2	\$ 0.73
Division 3	1.53

B. Proposed Rate Schedule B - Operation of Division 1 and 2
With Wholesale to Division 3 at Harbinson Reservoir

Rate per Miner's Inch

Division 1 and 2	\$ 0.73
Division 3	0.36

C. Proposed Rate Schedule C - Operation of Division 1 and 2
With Wholesale to Division 3 at Hoover Creek Tunnel.

Rate per Miner's Inch

Division 1, 2 and 3	\$ 0.26
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The annual costs of operation presented by applicant in support of its requested rates are summarized below for each of the three assumed conditions of operation:

Item	ANNUAL COSTS		
	Co. Proposed: Operation : Under : Schedule A :	Co. Proposed: Operation : Under : Schedule B :	Co. Proposed: Operation : Under : Schedule C :
Administration and General Expenses:			
Salary of Robert Plotts	\$ 2,400	\$ 2,400	\$ 2,400
Telephone Bill	250	250	250
Electric Bill	100	100	100
Accounting Services	500	500	500
Office Salaries	400	400	400
Insurance	530	530	530
Payroll Taxes	90	90	90
Property Taxes	1,200	1,200	1,200
State Franchise Tax	100	100	100
Misc. Engineering Costs	1,300	1,300	1,300
Subtotal	\$ 6,870	\$ 6,870	\$ 6,870
Operating Payroll, Payroll Taxes and Workmen's Compensation:			
Superintendent	\$ 6,000	\$ 6,000	\$ 6,000
Ditch Tenders	11,400	-	-
Laborers	3,000	600	-
Payroll Taxes	927	229	208
Workmen's Comp. Insurance	716	186	169
Subtotal	\$27,043	\$ 7,015	\$ 6,377
Repairs and Maintenance	24,932 (a)	13,983 (b)	3,918 (c)
Depreciation	9,207	9,207	9,207
Total Cost	\$68,052	\$42,075	\$26,372
(a) \$74,797 spread over 3 years; (b) \$55,973 spread over 3 years;			
(c) \$11,755 spread over 3 years			

Operation of the entire system under Schedule A contemplates the employment of one superintendent, two ditch tenders and two laborers and the expenditure of approximately \$25,000 for repairs and rehabilitation of the system for each of the next three years in addition to administration and general expenses and depreciation expense. Applicant states it is not herein seeking a return on investment; however, the evidence shows that a portion of the \$25,000 amount would be used to make capital improvements to the system. The variations in rates under the three alternative proposals reflect the differences in the amount of work which applicant would be required to do to operate and maintain the system upstream from wholesale delivery points.

Applicant's president testified that it was the intention to pay \$200 a month management salary as well as necessary operating expenses and that any revenues in excess of such amount would be devoted to the improvement of the water system.

Commission Staff Analysis

Based upon its analysis of applicant's operations, the Commission staff presented its conclusions in Exhibit 12. The staff's conclusions may be summarized as follows:

1. The entire system is in need of repair and a comprehensive program of rehabilitation should be undertaken at once to prevent the eventual collapse of the entire system.
2. The general program of repairs and replacements outlined by applicant is reasonable and necessary, and applicant's cost estimates are not excessive.
3. The projects planned for the coming year are designed primarily to protect the present water supply rather than to immediately increase the flow of water in the lower section of the

system. As a result, water users in Division 3 may not observe any immediate increase in water deliveries from these improvements for the coming year.

4. A special situation exists with respect to water deliveries to the town of Igo. Water rates paid by Igo residents are lower than those in effect on the remainder of the system, and are not based on the amount of water consumed. The siphon used to transmit water from the main canal to the town is in need of immediate replacement.

5. The estimated cost of operating the water system under normal conditions would be about \$30,000 annually assuming applicant continues to retail all water deliveries as at present.

6. Water rates requested by applicant are so high as to be prohibitive and such rates would result in substantially lower water deliveries and lower company revenues.

7. Any rate increase should be contingent upon an indication by applicant of its intention to act in good faith to utilize all funds in excess of those actually expended in operation of the system to carry out a program of plant rehabilitation, and to limit the withdrawal of funds by the management until service and the condition of the plant have been substantially improved.

8. Any new rate schedule that is made effective should be reviewed after the first full irrigation season that such new rates are in effect to determine whether there is need for further adjustment.

The staff presented three possible rate schedules based on applicant continuing to retail all water deliveries as at present. Said schedules which are set forth in the tabulation following were estimated by the staff to produce annual gross

revenues of \$30,000 for Schedule A, \$30,200 for Schedule B and \$34,700 for Schedule C.

Item		Schedule A	Schedule B	Schedule C
A. Irrigation Season, April 1 to October 31				
		Per Connection Per Delivery		
Quantity Rates:		6/		
First 10 miner's inches, per mi-day		\$0.80	\$0.65	\$0.80
Next 20 miner's inches, per mi-day		.60	.55	.65
Over 30 miner's inches, per mi-day		.40	.45	.50
Minimum Charge:				
Per connection, per delivery		5.00	5.00	5.00
B. Nonirrigation Season, November 1 to March 31				
		Per Miner's Inch-Day		
Quantity Rate:				
For all water delivered		.60	.60	.60
Minimum Charge:				
Per connection, per delivery		6.00	6.00	6.00
C. Special Conditions				
1. For continuous seasonal flows, the company may not be required to serve a head of less than 1 miner's inch, except at company option.				
2. For noncontinuous seasonal flows, the company may not be required to serve flows of less than 5 miner's inches or in multiples of other than 5 miner's inches, except at company option.				
3. Bills will be rendered monthly.				
D. Yearly rate per domestic customer in the community of Igo (until regular irrigation rates are applied)				
		\$60	\$60	\$70

The staff's estimates of revenues from the possible schedules do not reflect any additional revenue that might result from increased water usage as the service becomes more dependable, nor do the estimates reflect loss of revenues that might result from decline in water usage due to the higher rates.

6/ The term mi-day, as used herein, means miner's inch day, or the volume resulting from a continuous flow of one-fortieth of a cubic foot of water per second for a 24-hour period.

Clear Creek Community Services District

In Decision No. 55447, dated August 20, 1957 the Commission suggested as a possible solution to the water problems of the Olinda area (Division 3) the taking over by the water users of the operation and maintenance of ditches and laterals within Division 3, purchasing water at the intake to Harbinson Reservoir in wholesale quantities. The record reveals that on June 13, 1961 customers in Division 3 voted into effect the Clear Creek Community Services District, but that the district will be without funds to implement its operations until 1962. However, the record also discloses that the members of the district even before the election, on a voluntary basis took certain steps to improve the physical condition of the canals and laterals in an effort to facilitate water deliveries. These efforts, however, up to the present have not produced the desired results since water deliveries in 1961 appear to have all but collapsed.

Position of California Farm Bureau Federation

In its brief and closing statement the California Farm Bureau Federation states that the Clear Creek Community Services District is in the process of negotiating a contract with Happy Valley Water Company for the purchase of water wholesale at the exit from Harbinson Reservoir; that the district would propose to begin service on or about November 1, 1961 and that the district was prepared to accept the following rate schedules:

For retail delivery by company to all divisions:

	<u>Per Connection</u> <u>Per Delivery</u>
First 10 miner's inches, per mi-day	\$0.70
Next 20 miner's inches, per mi-day	.50
Over 30 miner's inches, per mi-day	.35

Per Connection
Per Delivery

In addition thereto, a surcharge
shall be collected as follows:

First 10 miner's inches, per mi-day	\$0.10
Next 20 miner's inches, per mi-day	.10
Over 30 miner's inches, per mi-day	.05

Special Condition:

Off-season deliveries: All deliveries between November 1
and March 31 shall be charged for at the rate of \$0.60 per
miner's inch with a minimum charge per delivery of \$10.00.

Minimum Charge: The minimum charge for any delivery to any
connection shall be \$8.00.

For Wholesale delivery at outlet of Warbinson Reservoir:

Per Miner's Inch

For all deliveries	\$0.15
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Special Condition:

Sales subject to prior approval by the Public
Utilities Commission of the State of California.

The Farm Bureau urged that gate markers identifying
delivery gates, with instructions as to the settings, be posted
wherever water is diverted from the canals; that demand deliveries
should cease; and that a ten or fourteen day delivery schedule be
reinstated and strictly adhered to.

Findings and Conclusions

Based on the evidence we find as follows:

1. Happy Valley Water Company is not rendering adequate
water service to its customers. Water deliveries are erratic,
irregular and undependable, resulting in damage to crops.
2. The entire system is in urgent need of repairs to
prevent its complete collapse.
3. The improvement projects set forth in Exhibit E of the
application as summarized in this opinion are reasonable and

necessary and should be commenced without further delay. However, the order herein will permit the completion of said projects over a five-year period in view of the impact of such an undertaking on the operations of Happy Valley Water Company.

4. Applicant is in urgent need of additional revenues to meet reasonable operating expenses and to repair and maintain its system.

5. Applicant's revenues are affected not only by the level of rates but also by the quantity of water delivered to consumers. In recent years consumers have not, in many instances, been able to obtain the quantity of water they need or desire.

6. Applicant's present rates and water deliveries do not provide sufficient revenues even to meet applicant's reasonable out-of-pocket expenses.

7. The increased rates proposed by applicant exceed the value of service and, if authorized, would not provide additional revenues but would merely result in a curtailment in usage, a lowering of revenues and a hastening of the complete collapse of the system.

8. Rates to be charged by this utility must be reasonable from the standpoint of the consumer as well as just to the utility insofar as possible. If rates cannot be made high enough to yield a full return, the utility must be content with a smaller return until such time as economic conditions, water deliveries and demand will support a better return.

9. The spread of charges among customers must recognize the high cost of small irrigation deliveries and give proper credit to the larger deliveries.

10. In Division 3 applicant should cease demand deliveries and institute a rotation delivery schedule not to exceed fourteen days.

11. A temporary rate for one year should be established for water deliveries to Igo to permit Igo customers to make arrangements to take water deliveries under the regularly established schedule of rates.

12. Provision should be made in the rate schedules herein to be established for the possibility of either retailing or wholesaling water to Division 3.

13. The rates hereinafter authorized will provide applicant with a reasonable opportunity under prudent management to obtain revenues sufficient to meet its reasonable expenses of operation, including a reasonable amount for maintenance and repairs but will not yield to applicant an excessive return.

14. Because of the uncertainties as to future volume of water deliveries, extent of water losses, and effect of rate level on water consumption, the rates hereinafter authorized will be subject to review and possible adjustment at the conclusion of the first full irrigation season in which such rates are effective.

15. The increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable. ✓

Happy Valley Water Company is placed on notice that its failure to comply with the provisions of this order will result in contempt proceedings being brought by this Commission.

O R D E R

Based on the evidence of record and on the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that:

1.a. Happy Valley Water Company is authorized and directed to file in quadruplicate with this Commission on or after the effective date of this order, in conformity with General Order No. 96, the schedules of rates set forth in Appendix A attached hereto and, upon not less than five days' notice to the Commission and to the public, to make said rates effective for service rendered on and after December 1, 1961.

b. The rates hereinabove authorized shall be subject to review and possible adjustment following the 1962 irrigation season.

2. Concurrently with the filing authorized hereinabove, Happy Valley Water Company is authorized to withdraw and cancel by appropriate advice letter its presently effective Schedule No. 2, Mining Service - Measured Rates.

3. Happy Valley Water Company is authorized and directed to file in quadruplicate with this Commission on or before December 1, 1964, in conformity with General Order No. 96, the schedule of rates set forth in Appendix B attached hereto and, upon not less than five days' notice to the Commission and to the public to make said rates effective for service rendered on and after January 1, 1965.

4. Within sixty days after the effective date of this order, Happy Valley Water Company shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96 and in a form acceptable to the Commission, rules governing customer relations revised to reflect present-day operating practices, a tariff service area map, and sample copies of printed

forms normally used in connection with customers' services. Such rules, tariff service area map and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

5. Happy Valley Water Company in Division 3 shall cease demand deliveries and institute a rotation delivery schedule not to exceed fourteen days.

6. Happy Valley Water Company shall complete the improvement projects as listed in Exhibit E of the application and as summarized in the foregoing opinion as expeditiously as possible but no later than December 31, 1966, except that projects 15 and 19 related to Division 3 may be indefinitely deferred in the event that final arrangements are consummated to wholesale water to Division 3 through the Clear Creek Community Services District or other similar agency by March 1, 1962.

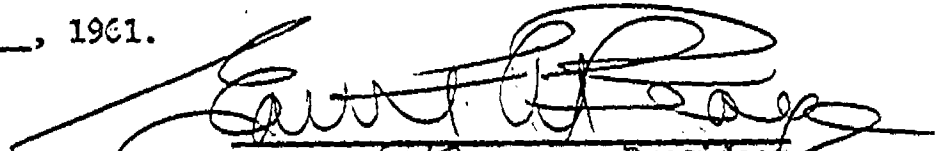
7. Reports of progress showing the status of completion of each of the improvement projects and the amount expended for the project shall be filed by Happy Valley Water Company with this Commission annually until all projects are completed or until further order herein. The first such annual report shall be filed by March 1, 1963. ✓

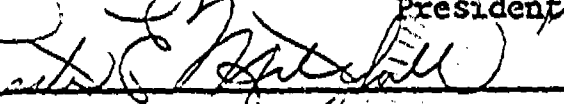
8. On or before March 1, 1963 Happy Valley Water Company shall file with this Commission a report setting forth for the year 1962 the following information (a) a water use table showing water delivery and size of deliveries; (b) a statement of cash receipts and disbursements; (c) a balance sheet and


income statement; (d) an itemization of the funds received by the management and stockholders from the water system.

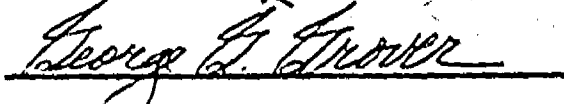
The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 31st
day of OCTOBER, 1961.



President






Commissioners

APPENDIX A
Page 1 of 3

Schedule No. 3MX

TEMPORARY MEASURED IRRIGATION SERVICEAPPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The communities of Ono, Igo and Olinda, and vicinities, located approximately 15 miles southwest of Redding, Shasta County.

RATESIrrigation Season (Between April 1 and October 31)Per Connection Per Delivery

Quantity Rates:

First	10 miner's inch days, per miner's inch day	\$ 0.85
Next	20 miner's inch days, per miner's inch day	.65
Next	1,470 miner's inch days, per miner's inch day	.45
Next	8,500 miner's inch days, per miner's inch day	.35
Next	10,000 miner's inch days, per miner's inch day	.25
Over	20,000 miner's inch days, per miner's inch day	.20

Minimum Charge:

Per connection, per delivery \$ 7.00

NonIrrigation Season (Between November 1 and March 31)Per Connection Per Delivery

Quantity Rate:

For all water delivered, per miner's inch day \$ 0.60

Minimum Charge:

Per connection, per delivery \$10.00

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

APPENDIX A
Page 2 of 3

Schedule No. 3MX

TEMPORARY MEASURED IRRIGATION SERVICE
(Continued)

SPECIAL CONDITIONS

1. Continuous seasonal flow means only one delivery during the irrigation season. Delivery need not cover entire seven months of irrigation season.
2. For continuous seasonal flow, the utility may not be required to serve a head of less than 1 miner's inch, except at the utility's option.
3. For noncontinuous seasonal flows, the utility may not be required to serve flows of less than 5 miner's inches or in multiples of other than 5 miner's inches, except at the utility's option.
4. For noncontinuous seasonal flows, the utility will schedule its deliveries to make water available at least every 10 to 14 days by designated areas and/or laterals.
5. A miner's inch day is defined as the volume resulting from a continuous flow of one-fortieth of a cubic foot of water per second for a 24-hour period.
6. The above rates will be effective until January 1, 1965, and will thereafter be withdrawn.

APPENDIX A
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Schedule No. 3FLX

TEMPORARY LIMITED FLAT RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all flat rate irrigation service furnished to residential premises.

TERRITORY

The community of Igo located approximately 10 miles southwest of Redding, Shasta County.

RATE

	<u>Per Customer</u> <u>Per Year</u>
For all water delivered	\$72.00

SPECIAL CONDITIONS

1. This schedule will terminate not later than January 1, 1963.
2. Service under this schedule is limited to residential type irrigation as opposed to large scale irrigation.

APPENDIX B
Page 1 of 2

Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The communities of Ono, Igo and Olinda, and vicinities, located approximately 15 miles southwest of Redding, Shasta County.

RATES

Irrigation Season (Between April 1 and October 31)

Per Connection Per Delivery

Quantity Rates:

First	10 miner's inch days, per miner's inch day	\$ 0.70
Next	20 miner's inch days, per miner's inch day	.50
Next	1,470 miner's inch days, per miner's inch day	.35
Next	8,500 miner's inch days, per miner's inch day	.25
Next	10,000 miner's inch days, per miner's inch day	.20
Over	20,000 miner's inch days, per miner's inch day	.15

Minimum Charge:

Per connection, per delivery \$ 7.00

NonIrrigation Season (Between November 1 and March 31)

Per Connection Per Delivery

Quantity Rate:

For all water delivered, per miner's inch day \$ 0.60

Minimum Charge:

Per connection, per delivery \$10.00

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

APPENDIX B
Page 2 of 2

Schedule No. 3M

MEASURED IRRIGATION SERVICE
(Continued)

SPECIAL CONDITIONS

1. Continuous seasonal flow means only one delivery during the irrigation season. Delivery need not cover entire seven months of irrigation season.
2. For continuous seasonal flow, the utility may not be required to serve a head of less than 1 miner's inch, except at the utility's option.
3. For noncontinuous seasonal flows, the utility may not be required to serve flows of less than 5 miner's inches or in multiples of other than 5 miner's inches, except at the utility's option.
4. For noncontinuous seasonal flows, the utility will schedule its deliveries to make water available at least every 10 to 14 days by designated areas and/or laterals.
5. A miner's inch day is defined as the volume resulting from a continuous flow of one-fortieth of a cubic foot of water per second for a 24-hour period.
6. The above rates will become effective as of January 1, 1965.