

Decision No. 62886

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
AUGUSTUS R. PARRISH, JR. and JULIA R.)
PARRISH, for a certificate of Public)
Necessity under Rule 15 of the Rules)
of the Public Utilities Commission of)
the State of California, and Section)
1001 of the Public Utilities Code of)
the State of California, to operate a)
water system at near Old Station, in the)
County of Shasta, State of California.)

Application No. 43363
(Filed May 1, 1961;
Amended August 25, 1961)

O P I N I O N

Applicants' Request

Augustus R. Parrish, Jr., and Julia R. Parrish, doing business as Hat Creek Water Company, request that the Commission: (1) grant to them a certificate of public convenience and necessity for a public utility water system to be operated in unincorporated territory in Shasta County, near Burney; (2) establish rates and charges for the water service to be rendered.

Staff Field Investigation

Following filing of the application, a field investigation was made in connection with this matter on June 21, 1961, by an engineer of the Commission staff. The results of his investigation are contained in a memorandum report dated October 26, 1961. The report is hereby made a part of the record in this application and designated as Exhibit No. 1.

Proposed Service Area

The area for which a certificate is requested is located in Section 33, Township 33 North, Range 5 East, MDB&M, in the vicinity of the community of Old Station. Applicants propose to serve a 19-acre development known as Rim Rock Ranch Unit No. 1,

which has been subdivided into 60 lots of about 11,000 square feet each. In addition, applicants propose to furnish water to a nearby maintenance station of the California Division of Highways.

No public utility water system provides service in the vicinity. The nearest water utility operating under the jurisdiction of the Commission is about 20 miles to the northwest. No protests to the granting of the application have been received by the Commission.

Description of System

The proposed water system will take water from Hat Creek, to which applicants have a decreed right to appropriate one second foot for commercial purposes. An electric-powered centrifugal pump will supply water from Hat Creek to a 5,000-gallon pressure tank from which the water will be delivered into a 650-foot transmission main. A gasoline engine-powered centrifugal pump will be available as a stand-by unit. Some 3,000 feet of 4-inch cement asbestos mains will distribute water to the 60 service connections. In addition, the Division of Highways will install at its expense a 1,400-foot metered service from the water mains at Rim Rock Ranch Unit No. 1.

Applicants possess a valid water supply permit from the Shasta County Department of Health. All water delivered to users will be filtered and chlorinated. The system appears to meet the minimum requirements of General Order No. 103 and to be capable of furnishing adequate water service to the proposed service area.

Rates

Applicants propose a rate of \$5.00 per month for flat rate service and a schedule of meter rates based upon a minimum

charge of \$3.50 per month for 500 cubic feet or less. The proposed schedule for metered service is shown below:

		<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:		
First	500 cu. ft. or less	\$3.50
Next	500 cu. ft., per 100 cu. ft.20
Next	500 cu. ft., per 100 cu. ft.15
Next	3,000 cu. ft., per 100 cu. ft.13
Next	3,500 cu. ft., per 100 cu. ft.11

The proposed minimum charge for metered service to the State Division of Highways maintenance station is \$50 per month. Applicants have not proposed minimum charges according to meter sizes nor rates for metered consumption in excess of 8,000 cubic feet. The meter rate schedule authorized herein will provide for such minimum charges as well as for consumption in excess of 8,000 cubic feet. The authorized rate schedule will also contain minor changes from the schedule proposed by applicants in order to reduce the number of water consumption blocks and to facilitate administration of the rates. These changes will have a negligible revenue effect.

Financing

Attached to the application is a financial statement showing the assets and liabilities of the applicants as of April 28, 1961. According to that exhibit, applicants' net worth exceeds \$200,000. They appear to be capable of financing the investment required for the water system and of absorbing any losses incurred in the initial operation thereof. Applicants estimate that their investment in the system will be about \$29,000 and that the monthly costs of operation will be \$500.

Findings and Conclusions

Upon consideration of the evidence the Commission finds and concludes as follows:

1. Public convenience and necessity require that the application be granted as set forth in the ensuing order.
2. Applicants' water supply and distribution system will provide reasonable service for the proposed certificated area.
3. The rates set forth in Appendix A attached hereto are fair and reasonable and will not yield applicants more than a fair rate of return on their investment.
4. Applicants possess the financial resources to construct and operate the proposed public utility water system.
5. A public hearing on the application is not necessary.

The certificate hereinafter granted shall be subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

Based upon the allegations of the application and the verifying evidence contained in Exhibit No. 1,

IT IS ORDERED that:

1. A certificate of public convenience and necessity be, and it hereby is, granted to Augustus R. Parrish, Jr., and Julia R. Parrish to construct and operate a public utility water system for the distribution and sale of water within those portions of Section 33, Township 33 North, Range 5 East, MDB&M, included within the

respective boundaries of Rim Rock Ranch Unit No. 1 and Hat Creek Maintenance Station of the California Division of Highways, as said boundaries are described in Exhibit "D" attached to the amendment to the application.

2. Applicants are authorized to file the rates set forth in Appendix A attached to this order, to be effective on or before the date service is first rendered to the public under the authority granted herein, together with rules and a tariff service area map, acceptable to this Commission and in accordance with the requirements of General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to this Commission and to the public after filing, as hereinabove provided.

3. Applicants shall notify this Commission, in writing, of the date service is first rendered to the public under the rates and rules authorized herein, within ten days thereafter.

4. Applicants shall file, within thirty days after the system is first placed in operation under the rates and rules authorized herein, four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the tract of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicants.

5. Beginning with the year 1961, applicants shall determine depreciation accruals by multiplying the depreciable utility plant by a rate of 3 percent. This rate shall be used until review indicates that it should be revised. Applicants shall review the depreciation rate, using the straight-line remaining life method, when major changes in utility plant composition occur and at intervals of not more than five years, and shall revise the above rates

in conformance with such reviews. Results of these reviews shall be submitted to this Commission.

The certificate herein granted and the authority to render service under the rates and rules authorized herein will expire if not exercised within one year after the effective date of this order.

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

Dated at Los Angeles, California, this 5th day of December, 1961.

Arvid J. Berg
 President

E. Lator

George T. Hoover

Fredrick B. Hohlhoff

 Commissioners

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

APPENDIX A
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Rim Rock Ranch, Unit No. 1, and vicinity, located near the community of Old Station, Shasta County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 600 cu.ft. or less	\$ 3.60
Next 900 cu.ft., per 100 cu.ft.20
Next 5,500 cu.ft., per 100 cu.ft.12
Over 7,000 cu.ft., per 100 cu.ft.11
Minimum Charge:	
For 5/8 x 3/4-inch meter.	3.60
For 3/4-inch meter.	4.30
For 1-inch meter.	6.00
For 1 1/2-inch meter.	8.00
For 2-inch meter.	11.00
For 3-inch meter.	18.00
For 4-inch meter.	27.00
For 6-inch meter.	53.00

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

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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The area known as Rim Rock Ranch, Unit No. 1, and vicinity, located near the community of Old Station, Shasta County.

RATE

	<u>Per Month</u>
For a single family residence, including premises	\$ 5.00

SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished only on a metered basis.
2. Meters may be installed at option of utility or customer for above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.