

ORIGINALDecision No. 67872

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of) SHASTA HOLIDAY UTILITY CO., a) corporation, for a certificate of) Public Convenience and Necessity to) construct and operate a public utility) water system; to establish rates; and) to issue stock.)	Application No. 46281, Amended (Filed March 13, 1964)
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O P I N I O N

Applicant requests a certificate of public convenience and necessity to construct and operate a public utility water system near the City of Mount Shasta, Siskiyou County, and authority to establish rates and issue 3,400 shares of stock in the aggregate amount of \$34,000. The City of Mount Shasta has advised the Commission that, since applicant's proposal will not conflict with the present municipal water system, it does not oppose the application.

Details of the proposal, with staff recommendations, are set forth in a report, dated June 8, 1964, based on a study of the application as amended May 6, 1964 and a field investigation. The staff report is hereby included in this record as Exhibit 1.

Shasta Holiday Development Co. is developing a 1,400-acre area, known as Shasta Holiday Ranch and Sky Resort, located about one-quarter of a mile southwest of the City of Mount Shasta near the new Highway U. S. 99 Freeway and bisected north to south by Wagon Creek. The eastern portion, about 800 acres, will be divided into several residential subdivisions, commercial sites for motel-hotels, dormitories, mobile home park, shopping center, rest home, subdivision

for senior citizens' homes, air strip, golf course, bowling alley, restaurant and similar purposes. There are no present plans for development of the remaining 600-acre western portion of the area.

The initial development consists of Shasta Holiday Subdivision No. 1, of about 25.5 acres divided into 55 lots of an average size of about 11,200 square feet, and a 42-acre commercial site, located about one mile north of Subdivision No. 1, for a motel and a mobile home park. There is no water system in the immediate vicinity except the municipal system of the City of Mount Shasta, the facilities of which are approximately one-half mile easterly from the development.

The area appears to have ample surface and ground water sources. Proposed water production facilities at the two initial sites, estimated to produce about 100 gpm each, will eventually be linked to provide a common supply for other portions of the area. Ultimate development of the 800 acres (about 1,000 domestic and 10 to 20 commercial customers) will probably require about 1,000 gpm in water production facilities. The proposed initial distribution systems appear to meet the requirements of General Order No. 103 with respect to design and construction. Two 33,500-gallon steel storage tanks will be installed when required. Transmission and distribution facilities for later developments will be installed under the main extension rule of applicant's proposed tariff schedules.

Estimates of utility plant costs for Subdivision No. 1 and the commercial site, including \$1,000 for working cash, total \$34,000 and are detailed in Exhibit 1. Applicant proposes to issue 3,400 shares of no par stock with a stated value of \$10 per share to W. C. Thompson, principal stockholder of the development company, in exchange for cash to provide capital for the initial water system facilities. Applicant's articles of incorporation provide for 100,000 shares of no par common stock as the maximum number of shares authorized.

Proposed rates for water service, shown in Exhibit 1, provide for a basic annual metered monthly quantity rate of \$3.50 per meter, allowing 700 cubic feet or less of water, with an annual minimum charge of \$42 for a 5/8 x 3/4-inch meter. An annual basic residential flat rate of \$48 per connection for a single family residential unit, including premises not exceeding 20,000 square feet, is also proposed. Rates of \$1 per month per hydrant for public fire hydrant service and 20 cents per 100 cubic feet for delivery of construction water are also offered. Applicant proposes to furnish service on a flat rate basis to customers in the initial subdivision and on a metered basis to the two customers on the commercial site. Applicant estimates operating results for a future year with all lots in Subdivision No. 1 occupied and two commercial customers as follows:

Operating Revenues	\$4,680
Operating Expenses, Depreciation and Taxes	<u>3,485</u>
Net Revenue	1,195
Rate of Return (on \$34,000)	3.5%

The application and supporting financial data submitted in connection therewith indicate that the proposed water system will have available adequate financial resources during the development period.

We find that:

1. Public convenience and necessity require the construction and operation of the water system as proposed in the application herein, subject to the condition, however, that the certificate of public convenience and necessity granted herein will not become effective until applicant has provided for an assured adequate source of water supply for each of its service areas, as provided in the ensuing order.

2. The money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein, and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authorization herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to applicant, Shasta Holiday Utility Co., authorizing it to construct and operate a public utility water system to serve Shasta Holiday Subdivision No. 1 and the commercial site for a motel and mobile home park, at the locations shown on a map, Exhibit B, attached to the application herein.

2. Applicant is authorized to file, after the effective date of this order, the schedules of rates set forth in Appendix A to this order, tariff service area maps clearly indicating the boundaries of the certificated areas, appropriate general rules, and copies of printed forms to be used in dealing with customers. Such filing shall comply with General Order No. 96-A and the tariff schedules shall become effective on the fourth day after the date of filing.

3. Within ten days after service is first rendered to the public under the authority granted herein, applicant shall submit written notice thereof to this Commission.

4. Within sixty days after service is first furnished to the public under the authority granted herein, applicant shall file four copies of a comprehensive map, drawn to an indicated scale of not more than 400 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal water supply, transmission, pressure, storage and distribution facilities, and the location of applicant's various water system properties.

5. Compliance by applicant with paragraph 2 of this order shall constitute acceptance by it of the right and obligation to furnish public utility water service to the area certificated herein.

6. Prior to the date service is first furnished to the public under the authority granted herein, applicant shall apply to the appropriate public health authority having jurisdiction for a water supply permit for the proposed system and submit written notice thereof to this Commission.

7. Within two years after the date service is first furnished to the public under the authority herein granted, applicant shall have installed in each water system a second source of water supply of sufficient capacity to provide for the reasonable continuation of an adequate supply of water to customers in case of the failure of the single source of supply or the pump. Within ten days after such alternate facilities are installed, applicant shall file a written report with this Commission, showing the details of the manner in which the requirement of this paragraph has been accomplished.

8. Beginning with the year 1964, applicant shall determine depreciation accruals by multiplying the original cost of depreciable utility plant by a rate of 3 percent. This rate shall be used until review indicates it should be revised. Applicant shall review the depreciation rate, using the straight-line remaining-life method, whenever major changes in depreciable utility plant composition occur, and, at intervals of not more than five years, shall revise the depreciation rate in conformance with such reviews, and, upon completion of each review, shall submit promptly to this Commission the results thereof.

9. Applicant shall file with this Commission a report or reports as required by General Order No. 24-B, which order, insofar as applicable, is made a part of this order.

10. After having complied with paragraph 2 of this order, applicant is authorized to issue not to exceed 3,400 shares of its no par value capital stock at \$10 per share in exchange for utility plant (at original cost) and working cash. ✓

11. The effective date of this decision shall be established by supplemental order upon a showing by applicant on or before August 1, 1965 that it has developed facilities for the production of an adequate supply of water to serve the areas certificated herein.

Dated at San Francisco, California, this 22nd day of SEPTEMBER, 1964.

Fredrick B. Hallock
President
John L. ...
George L. ...
George L. ...
William L. ...
Commissioners

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

The area known as the Shasta Holiday Ranch and Sky Resort, and vicinity, located one-half mile westerly of Mount Shasta, Siskiyou County.

RATES

Monthly Quantity Rates:		<u>Per Meter</u> <u>Per Month</u>
First	700 cu.ft. or less.....	\$ 3.50
Next	1,300 cu.ft., per 100 cu.ft.....	.45
Next	8,000 cu.ft., per 100 cu.ft.....	.38
Over	10,000 cu.ft., per 100 cu.ft.....	.30

Annual Minimum Charge:		<u>Per Meter</u> <u>Per Year</u>
For	5/8 x 3/4-inch meter	\$ 42.00
For	3/4-inch meter	66.00
For	1-inch meter	108.00
For	1 1/2-inch meter	204.00
For	2-inch meter	324.00

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

(continued)

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE
(continued)

SPECIAL CONDITIONS

1. The annual minimum 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 pro-rated minimum charges in advance at intervals of less than one year (monthly, bimonthly, quarterly or semiannually) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read at intervals of more than one month, the charge will be computed by multiplying by the number of months the number of cubic feet to which each block rate is applicable on a monthly basis.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum 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 charge shall be due the customer.

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

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

TERRITORY

The area known as the Shasta Holiday and Sky Resort, and vicinity, located one-half mile westerly of Mount Shasta, Siskiyou County.

RATES

	<u>Per Service Connection Per Year</u>
For a single-family residential unit, including premises not exceeding 20,000 square feet.....	\$ 48.00
(a) For each 100 square feet of premises in excess of 20,000 square feet.....	.24

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. A meter may be installed at the option of the utility and service provided under Schedule No. 1A, Annual General 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.

(continued)

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

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, quarterly or semiannually) in accordance with the utility's established billing periods.

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 charge shall be due the customer.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized fire districts and other political subdivisions of the State.

TERRITORY

The area known as the Shasta Holiday Ranch and Sky Resort and vicinity, located one-half mile westerly of Mount Shasta, Siskiyou County.

RATE

Per Month

For each standard hydrant connected to a main
4 inches in diameter, or larger..... \$ 1.00

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, or construction purposes under Schedule No. 9, charges shall be made at the quantity rates under Schedule No. 1A, Annual General Metered Service.
2. Relocation of any hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the ownership, type and the size of hydrant and the specific location at which each is to be installed.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

Schedule No. 9

CONSTRUCTION WATER SERVICE

APPLICABILITY

Applicable to all temporary measured water service furnished from fire hydrants for construction purposes.

TERRITORY

The area known as the Shasta Holiday Ranch and Sky Resort, and vicinity, located one-half mile westerly of Mount Shasta, Siskiyou County.

RATES

For all water delivered, per 100 cu.ft. \$0.20

SPECIAL CONDITION

Service under this schedule may be obtained upon notification to the utility in advance, and the water delivered shall be measured by a meter furnished by the utility.