

## COST OF SERVICE RATE STUDY DEFINITIONS

### 1. CLASSIFICATION OF PROPERTIES

Government code requires that we assign rates by customer categories. The original Gold Mountain Ranch development permit (1996) remains the governing document for the development. With this guidance and for purposes of the rate study, we identified three (3) customer categories:

- **Residential** – single family home lots that fall under what we historically think of as the Homeowners Association (HOA). *Note that the HOA CC&Rs do not otherwise play in rate decisions.*
- **Commercial Residential** – residential lots originally owned by the resort and outside the HOA’s purview. Per the development permit, some of these lots are authorized for multi-unit development (timeshares/fractional ownership), others fall under the single home restrictions of the development permit.
- **Commercial (or non-residential)** – lots designated in the planning permit for commercial development. There are currently three (3) connected commercial entities – Nakoma Lodge (clubhouse), Altitude, and the Inn at Nakoma, as well as golf course restrooms and maintenance. There is one commercial standby lot – the Market Place.

### 2. RATE STUDY TERMS

The rate study includes a number of terms, some of which are defined in Plumas County code, others are consistent with rate study best practices

- **Living Units (LU)**

A Living Unit is defined as *“a building, or portion of a building intended for living or sleeping purposes with cooking and sanitation provisions”* – essentially a space that can be separately occupied and lived in. The 1996 Development Permit applies the following LU restriction: Each Residential lot is restricted to one dwelling unit, one additional quarters, and one guest house as defined by county code.

- The *“dwelling unit”* is the primary house.
- A *“guest house”* is a separate and stand-alone living space.
- An *“additional quarters”* is a separate living space under the roof of or connected to the dwelling unit – think mother-in-law suite.
- Each of these *“living units”* (LU) has living, bathroom, and kitchen space, and under the code can be billed separately. Any of these LUs could legally be rented out separately as an individual residences (subject to any HOA restrictions) and as such may be billed separately in an equitable rate structure.
- The District excludes *“additional quarters”* as a LU as such quarters are typically included for parents, relatives, and longer-term guests
- The rate case will grandfather in any existing guest houses so they will not be billed as a separate LU under the new rates until the property sells. At such time, the guest house will be billed as a separate LU. All future guest houses will be metered and billed as a separate connection.

- **Commercial Residential**

Lots fall into two categories: single unit and multi-unit. Single unit Commercial Residential lots are restricted to the same requirements as a Residential lot as defined

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above. Multi-unit lots are those lots in designated planning areas that may be developed with intervening areas in common ownership and multiple Living Units.

- The Nakoma Villas represent multi-unit examples where each building has two separate Living Units.
- The rate case grandfathers in any existing multi-unit projects so that they will not be billed as separate LUs under the new rates until the property sells. When such properties sell, each LU would be billed separately.
- Future multi-unit projects or guest houses will be metered and billed separately.

- **Commercial (Non-Residential)**

Commercial properties do not have an associated LU. Commercial properties will be charged on their engineering determined meter size according to a set fee schedule and evaluated on a periodic basis for actual water use and sewer flows.

- **Account Holder**

A property owner, a renter, lessee, condominium association, or rental company with an Account for water service with the District.

- **Equivalent Meter Unit (EMU)**

Each LU, whether or not the unit is separately metered, is considered an EMU, equivalent to a 1" water main meter

- **Equivalent Dwelling Unit (EDU)**

- A measurement of wintertime wastewater flow from a typical Dwelling Unit with year-round occupancy. The District does not meter or measure sewer flows. Outdoor irrigation represents a significant variable in water use; however, winter water use is typically all indoor use which therefore closely relates to winter sewer flows.
- One EDU is calculated as 650 gallons for residential units
- For commercial lots, the District will assign EDUs based on historical winter water use for that property.