

Decision No. 13482.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the  
LOS VERJELS LAND AND WATER COMPANY,  
a corporation, for authority and permis-  
sion to renew a mortgage on the lands  
and property of the Company, and to es-  
tablish water rates.

ORIGINAL

)  
)  
) Application No. 9621.  
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)

V. T. McGillycuddy for applicant.

George F. Jones for the consumers.

WHITTIESEY, Commissioner:

O P I N I O N

In this application Los Verjels Land and Water Company, a corporation, asks the Commission to establish rates for public utility water service, and also for authorization covering the execution of a mortgage and the issuance of a note. The matter of the mortgage and note has been disposed of by the Commission in its Decision No. 13061, dated January 16, 1924, and the present decision will consider only the question of a reasonable rate for water furnished by this utility for irrigation purposes.

A public hearing in the matter was held at Oroville after all interested parties had been duly notified and given an opportunity to be present and be heard.

Los Verjels Land and Water Company was incorporated

August 4, 1911, for the purpose among other things of acquiring, holding and disposing of land, constructing and operating a water system, and distributing and selling water. At the present time the company owns approximately 4,800 acres in Yuba and Butte Counties, of which about 1,800 acres are not now susceptible of irrigation. Three hundred acres of land have been sold and are at present irrigated by means of a water system constructed and operated by the applicant.

The agreements for the sale of land contained a clause whereby water was to be delivered without charge for a period of five years from the time of purchase, but before the expiration of this five-year period these agreements were modified voluntarily by the parties concerned, and for several years consumers have been paying \$18.00 per miner's inch for the water used, the amounts so received being applied as a credit on payments due for land purchased. This five-year period has now expired and applicant desires that rates be established which will yield sufficient revenue to at least cover the necessary expenditures for maintenance and operation of the water system. No return upon the investment is expected by the applicant at this time.

Thorough consideration of the testimony presented leads to the conclusion that an allowance of \$1,400 per annum for maintenance and operation expense will at this time be fair to both the utility and the small number of consumers. This amount does not include any general office salaries or expense but covers the necessary cost of ditch cleaning and repairs and the wages of a ditch agent for a part of the time.

It is apparent that 300 acres of land all of which has not yet been brought to a state of production cannot be expected to pay rates which will yield revenues in excess of the minimum

amount required for the most economical operation and maintenance of the water system. The rates established in the accompanying order will produce approximately sufficient revenue to meet this expense.

From the evidence submitted it appears that two consumers have been supplied free service of water in consideration of various right of way agreements and certain other privileges granted applicant. This practice may result in a preferential and discriminatory rate to these consumers against the others on the system and is a practice which this Commission has found to be unfair, and the policy has been to eliminate all possibility of preference in rates and service. Where such a condition exists the variation in rates should be discontinued and all classes of consumers should be charged for water used at the established rates which are applicable to all alike. If there remains any right of compensation in these particular cases, the utility and the consumer should make such settlement as is justified.

The following form of order is submitted:

### O R D E R

Los Verjels Land and Water Company, a corporation, having applied to the Railroad Commission for the establishment of rates to be charged for water delivered to its consumers, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter,

IT IS HEREBY ORDERED that Los Verjels Land and Water Company, a corporation, be and it is hereby directed to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all water delivered

during the irrigation season of the year 1924, and thereafter until further order of this Commission:

RATE SCHEDULE

For each miner's inch flow of water per year, \$25.00

IT IS HEREBY FURTHER ORDERED that Los Verjels Land and Water Company, a corporation, be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 25<sup>th</sup> day of April, 1924.

C. Seavey

H. B. Sandige

Dwight Martin

J. T. Bluntley