

Decision No. 13963

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
SUTTER BUTTE CANAL COMPANY, a corpora-  
tion, for an increase in rates.

**ORIGINAL**  
Application No. 13963

Devlin & Brookman, by Douglas Brookman, and  
Isaac Frohman and Henry Ingram, for applicant.

George F. Jones, for Butte County Water Users  
Association.

J. J. Deuel and L. S. Wing, for California Farm  
Bureau Federation.

W. D. Copperoll, for Butte County Farm Bureau.

WHITTLESEY, Commissioner:

OPINION ON REHEARING OF SUPPLEMENTAL PETITION

This Commission on July 11, 1924, rendered its Decision No. 13799 on the Supplemental Petition of Sutter Butte Canal Company filed June 20, 1920, in the above entitled proceeding, and therein the applicant, Sutter Butte Canal Company, was granted a schedule of emergency increased rates. A petition for rehearing of said Supplemental Petition was filed on July 24, 1924, by the Butte County Water Users Association, protestants, which was granted by the Commission in an order dated July 26, 1924. The rehearing was held at Gridley on August 5, 1924, after all interested parties had been duly notified. At the hearing additional and supplemental evidence was submitted by both applicant and protestants in support of their contention regarding the matters involved.

It is alleged, in effect, in protestant's petition for rehearing and request for another and different order of the Commission, that said decision and order Number 13,799 is discriminatory and illegal, in that the spread of the emergency increased rates to the various classes of consumers, to yield the necessary increase in revenue, is inequitable since an undue burden of the charge is placed on the rice acreage irrigated as against other crops irrigated, and further, in that there was included in the total set-out, as the increased revenue to be produced by the rate increase, a sum of \$25,879. found to be the loss in revenue occasioned by the discontinuance of service to approximately 4,000 acres, due to the water shortage this season.

Upon this latter point, it appears from the additional evidence adduced at the rehearing, that the remaining consumers on the system should not be required to reimburse the company for loss of revenue resulting from a shortage of water which necessitated that approximately 4,000 acres of rice land be laid off this year. This is not a general rate case, nor is the Commission trying to determine at this time a complete schedule of rates which would be sufficient to cover normal operating expenses and a fair return upon the investment of this company. Hence, the question of the total gross income or acreage irrigated should not enter into the determination of the emergency rate, which should and will be based upon the excess cost of pumping, as set out hereafter, and estimated as accurately as possible from all data available.

Upon the question of emergency pumping, the rehearing also brought out additional evidence showing that the cost thereof, for the season, would more closely approximate the sum of \$49,923.

than the previously submitted estimate of \$40,037. Applicant states that there will be an additional expense covering net loss on equipment purchased for this emergency pumping, which will be sold at the conclusion of the season. It appears that this latter item may amount to as much as \$2,000.

Taking into consideration all of the testimony, and after a careful analysis of the detailed estimate submitted, it appears that the total cost of emergency pumping this season will be approximately \$52,000.

A careful review of the entire situation here involved forces the Commission to the conclusion that, under the circumstances, the consumers should properly be required to pay the cost of emergency pumping. The installation of the emergency pumps was undertaken by the company entirely for the benefit of its consumers; it enabled the company to provide the rice area with the required undiminished supply of water, while a reduction to 80% of normal has been made to all other consumers. By so doing, the company prevented loss of a part of the rice crops, and thereby saved its consumers in the rice area many times the expenditures incurred to cover such emergency pumping. Equity dictates that those who have reaped the benefit should also bear their proportionate share of the burden, consequently it appears right and equitable that the rice area should pay the excess cost of the emergency pumping.

To provide a sum to cover such emergency pumping during the remainder of this season, a surcharge of 70¢ per acre on all rice lands supplied with water by the Sutter Butte Canal Company this season, will be allowed by the Commission in this Order.

While this Order will deal only with this surcharge to be added for the remainder of the present season, it should be recalled that the general question of the rates of the Sutter-Butte Canal Company has been under consideration by this Commission for some time, in this very proceeding, which was reopened on June 20, 1924, for the purpose of considering the matters contained in applicant's supplemental petition filed that day. The additional testimony adduced at the two hearings upon the supplemental application must be considered in connection with the general rate case. We are of the opinion that that case must be reopened for further hearing and decision, and, believing that the complete rate structure and service conditions upon this system should be re-examined at this time, we are by order of this date instituting a general investigation upon the Commission's own motion into the rates, schedules and conditions of service of the Sutter-Butte Canal Company. These matters we propose to consolidate for hearing and decision.

I submit the following form of Order:

· O R D E R

WHEREAS Sutter-Butte Canal Company has applied by supplemental application herein for authority to collect emergency excess rates for the season of 1924, public hearing having been held and the matter having been submitted for decision,

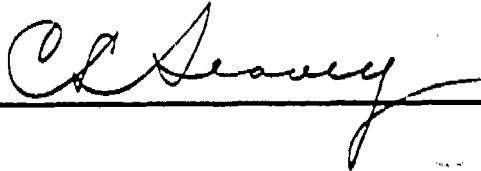
IT IS HEREBY FOUND AS A FACT that the existing rates, so far as they apply to water supply for the irrigation of rice for the remainder of this season, are unjust and unreasonable; and

IT IS THEREFORE HEREBY ORDERED upon the matter of the Supplemental Application that a surcharge of 70¢ per acre, in

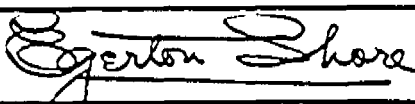
addition to the existing rates, be paid by all consumers supplied with water for rice cultivation this year.

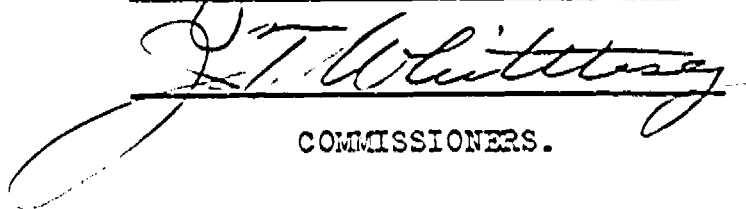
The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California. This Order shall become effective immediately.

Dated at San Francisco, California, this 27<sup>th</sup> day of August, 1924.

  
\_\_\_\_\_

\_\_\_\_\_

  
\_\_\_\_\_

  
\_\_\_\_\_

COMMISSIONERS.