

ORIGINAL

Decision No. 19092

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of the DIAMOND RIDGE WATER COMPANY, a corpora- tion, for a raise in rates for furnish- ing and delivering water to its consumers.	}	Application No. 13716.
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BY THE COMMISSION:

O P I N I O N

The Diamond Ridge Water Company, applicant in this proceeding, is a public utility engaged in furnishing water for domestic, commercial and irrigation purposes to approximately seventy consumers along its canals and in and about the towns of Diamond Springs and El Dorado, in El Dorado County.

The application alleges that under the present schedule of rates in effect the revenue received is wholly insufficient to meet the bare maintenance and operating costs and that the Diamond Ridge Water Company is now, and for many years last past has been, operating at a loss. The Commission therefore is requested to establish additional rates for water under cumulative flow and for water applied for after the commencement of the irrigation season.

A public hearing in this matter was held before Examiner Gannon at Placerville, after all interested parties had been notified and given an opportunity to appear and be heard.

The Diamond Ridge Water Company operates a water system comprising about 60 miles of canals and flumes in the section of El Dorado County known as the Diamond Ridge lying between the North Fork of the Cosumnes River and Webber Creek. This ditch

system was originally built to supply water for mining purposes in the early days and since the decline of mining has been converted into an irrigation and domestic water supply. With the exception of two small reservoirs with a total capacity of not over thirty acre feet, there is no storage on the system and reliance must be placed upon the natural, unregulated stream flow in Camp Creek and the North Fork of the Cosumnes River.

This company has been before the Commission in many prior formal proceedings involving matters of service complaints, transfer, rates and discontinuance, in some of which the Commission has made extensive investigations. A more detailed description of the system and its operating methods and conditions will be found in these matters, especially in Decision No. 7749.

In 1925, an application was filed by this utility asking the Commission to authorize the abandonment of the system and the discontinuance of further service; however, the petition was withdrawn as a result of negotiations with some forty of the consumers who in the same year acquired all of the capital stock of the corporation for the nominal sum of \$10,000., rather than see the system and water rights abandoned. The canals and structures were repaired in part and operated by the new owners during 1926, the revenues taken in from water sales in that year amounting to less than twenty per cent of the operating expenses and upkeep of the ditch system. Incomplete records indicate that the revenues for the year 1925 amounted to less than half of the operating expenses of the system. During 1925, practically none of the routine repair work was done by the company; however, a considerable amount of reconditioning of the flumes, pipe lines and canals has been done during 1926 and 1927 by the present operators. To repair the

ditch system and maintain it in proper shape will require the expenditure each year of a sum far in excess of the revenues. According to the testimony of P.E. Harroun, one of the Commission's hydraulic engineers, an annual expenditure varying from \$4,500. to \$6,000. will be required to maintain and operate this system in its present condition, depending upon the amount of labor which the stockholders are able and willing to give without compensation. This estimate is exclusive of any allowance for replacement of structures which will be soon urgently required. After acquiring the property, much of the repair work on the system in 1926 was voluntarily performed by the present stockholders and officers of the company and the maintenance and operating costs presented by the utility do not include any charge for such voluntary work. The officers of the company have donated both services and facilities in the carrying on of the affairs of the company and, should all of these charges for such voluntary work, services and facilities be entered in the books, the total expenses would be increased considerably.

A statement of the operating revenues and expenses of the Diamond Ridge Water Company from 1913 to 1926, inclusive, based upon figures found in the Commission's decisions and in the annual reports of the utility are as follows:

: Year :	: Operating Revenue :	: Operating Expense :
1913	\$1,318.55	\$4,340.32
1914	3,594.13	6,900.73
1915	2,319.74	3,901.50
1916	1,011.90	5,290.05
1917	1,178.65	898.61
1918	1,717.25	5,992.19
1919	1,195.09	5,507.39
1920	1,784.21	5,424.24
1921	3,197.50	7,433.02
1922	4,656.40	7,416.85
1923		No Report *
1924		" "
1925	1,449.75	2,324.25
1926	1,087.25	6,932.84

* System maintained and operated by El Dorado Water Corporation and included as an integral part of that system in Annual Reports to the Commission.

The above statement shows that with the exception of the year 1917 this utility has operated at an annual loss, which for the year 1926 amounted to \$5,846. under present ownership.

The present rates of this utility were fixed by the Commission in its Decision No. 8448, dated December 20, 1920, and are as follows:

FOR DOMESTIC USE (Flat Rate):

For each residence, store, etc.-----\$ 1.50 per month

Sprinkling or irrigation of lawns, shrubbery, gardens, etc., up to and including 2500 square feet per month----- .03 per 100 sq.ft.
 In excess of 2500 square feet per month---- .01 per 100 sq.ft.

FOR IRRIGATION PURPOSES (Measured Rate):

Per miner's inch day (24 hours)-----\$.30 per inch
 (One miner's inch equals a flow of one-fortieth of a cubic foot per second.)

FOR INDUSTRIAL PURPOSES (Flat Rate):

California Door Company-----\$75.00 per month.
Diamond & Caldor Railway----- 25.00 per month.
For hotel at Diamond Springs (Flat Rate)---- 3.00 per month.

In this proceeding applicant does not request any changes in the existing rate schedule other than the establishment of additional rates for cumulative irrigation water and for water not regularly applied for in advance of the irrigation season. This will give to the regular consumer and supporter of the system the original rate of 30 cents and the privilege of accumulating the flow for the slight addition of 5 cents per inch and will require the user of casual water and non-supporter of the property to pay the rate of 45 cents per miner's inch. It is estimated that the increase in annual gross revenue, resulting from the application of the proposed schedule of rates, will be, however, not in excess of 15% over revenues under the present rates.

Application is also made to alter the rules and regulations in effect at the present time so as to require the irrigation consumer to file with the company a seasonal application for water on or before a specific date. The proposed rule applies to the irrigation user only and also requires the consumer to pay one-third of the seasonal bill upon making application for service, one-third on July 25th and one-third on September 25th. The adoption of such a rule and regulation is reasonable and proper and will give the company more definite information for the formulation of its seasonal operating plans and schedules and also will provide at the beginning and at mid-season a portion of the funds necessary for current maintenance and operation expenses.

There is no practicable storage on this system and in years of deficient rainfall there is always a shortage of water before the irrigation season is over. There is also the usual

tendency among the consumers of irrigation water to delay applying for water as long as possible to take full advantage of the possibility of late rains and a wet year with a corresponding heavy demand for water in dry years, resulting in financial inability of this company to maintain its system in proper order. There is the additional element in this case that several of the consumers are not stockholders in the company and, as the revenues do not and cannot under present conditions equal operating and maintenance charges, the stockholders are faced with the burden of making up the deficit through stock assessments which the non-stockholders escape. The net result of this situation is that a part of the consumers are not only paying for their own irrigation service but are paying also a very large portion of the water costs of the other water users. This situation must be remedied soon for the good of the territory served, for the evidence indicates that the rates asked for in this proceeding at best can only bring about temporary relief.

The Commission desires to suggest that the water users of this utility take early steps to adopt some form of organization which will prevent the present unfair spread of the burden of maintaining this system and will place all consumers upon an equal basis. This may be accomplished in several different ways, such as by a mutual water company organization or irrigation district, or otherwise.

Considering the evidence presented at the hearing and the fact that no protest was made by any of the consumers, it appears that the application of the Diamond Ridge Water Company should be granted.

O R D E R

Diamond Ridge Water Company, a corporation, furnishing

water for domestic, commercial and irrigation uses in and about the towns of Diamond Springs and El Dorado, in El Dorado County, having made application for an increase in rates, a public hearing having been held, the matter having been submitted and the Commission being fully advised in the premises,

It is hereby found as a fact that the rates now charged by Diamond Ridge Water Company for water delivered to consumers are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of facts and upon the statement of facts set out in the preceding opinion,

IT IS HEREBY ORDERED that Diamond Ridge Water Company be and it is hereby authorized to file with this Commission, within thirty (30) days from the date of this order, the following schedule of rates to be charged for water delivered to consumers subsequent to January 1st, 1928:

RATE SCHEDULE

DOMESTIC FLAT RATE SERVICE:

For each residence, store, etc.-----\$ 1.50 per month

Sprinkling or irrigation of lawns, shrubbery, gardens, etc., up to and including 2500 square feet per month----	.03 per 100 sq. ft.
In excess of 2500 square feet per month-	.01 per 100 sq. ft.

IRRIGATION SERVICE (Measured Rate):

Continuous flow per miner's inch day
(24 hours)-----\$.30

Cumulative flow per miner's inch day----- .35

Additional water not ordered in advance,
and furnished after seasonal applications
have been satisfied, where water is avail-
able, per miner's inch day----- .45
(One miner's inch equals a flow of
one-fortieth of a cubic foot per second.)

Applications for irrigation service shall be filed in the office of the company on or before April 20th of each year the service is required, together with a deposit amounting to one-third (1/3) of the total seasonal bill for the amount of water applied for. Balance of payment shall be made in equal installments, due and payable on July twenty-fifth (25th) and September twenty-fifth (25th) of each year of service.

FOR INDUSTRIAL PURPOSES (Flat Rate):

California Door Company-----	\$75.00 per month
Caldor Railroad Company-----	25.00 per month
For hotel at Diamond Springs-----	3.00 per month

IT IS HEREBY FURTHER ORDERED that Diamond Ridge Water Company be and it is hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations covering the application for irrigation water to be furnished irrigators and to be filled out by them when ordering water, said rules and regulations to be in conformity with those attached to the application.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 2nd day of December, 1927.

Emmuel
Casey
Leon
Howe
Commissioners.