

Decision No. 19964

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
FOOTHILL DITCH COMPANY, a corporation,
to increase rates for water supplied.

ORIGINAL

Application No. 14272.

D.E. Perkins and Power and McFadzean,
by Daniel McFadzean, for Applicant.

H.A. Savage, for Protestants.

BY THE COMMISSION:

O P I N I O N

In this proceeding, Foothill Ditch Company, an incorporated public utility which supplies water for irrigation purposes to certain consumers in the vicinity of Exeter, Tulare County, makes application for an increase in rates. The application alleges in effect that the rates at present charged are non-compensatory, being inadequate to yield sufficient revenue to net applicant a reasonable interest return on its investment in the ditch, and the request is made for authority to increase the present rates to the uniform rate of 25 cents per miner's inch for each twenty-four hours flow of water delivered.

A public hearing was held in this proceeding at Visalia before Examiner Satterwhite.

The rate schedule which is at present in effect was established by this Commission in Decision No. 9759, issued November 17, 1921, as follows:

1. For each miner's inch flow of water for 24 hours---\$0.14

(The miner's inch referred to above shall be a flow equivalent to 1/50 of one cubic foot per second.)

2. Carrying charge for water used at the Wallace (Goodale) Ranch, per second foot per month-----\$6.00

C.H. Holley, consulting engineer for applicant, estimated the original cost of the properties to be \$84,733., and George W. Trauger in behalf of applicant appraised the present value of the system at \$85,197., based upon unit costs prevailing in 1925. H.A. Noble, one of the Commission's hydraulic engineers, estimated the original cost of the used and useful properties of the system including lands and rights-of-way at present fair market value to be \$67,706. and the corresponding depreciation annuity \$816.

The evidence shows that in 1926 Lindsay-Strathmore Irrigation District having obtained an option to purchase the Foothill Ditch Company's properties enlarged the company's main canal to a capacity of approximately fifty second-feet for the purpose of transmitting waters from the Kaweah River to said district's transmission canal, whereas the maximum carrying capacity necessary to supply the needs of applicant's consumers is not greatly in excess of fifteen second-feet. The engineers for applicant included the cost of the enlarged ditch section, while the Commission's engineer appraised the cost of the main canal upon the basis of the cost of that portion of said canal reasonably necessary for the service to the public utility consumers. This latter basis appears to be proper and reasonable and the sum of \$67,706. will be taken as the fair value of applicant's properties for rate-fixing purposes at this time.

The evidence shows that the sum of \$7,000. is a reasonable allowance for the annual maintenance and operating costs for the immediate future.

The revenues produced from the existing schedule of rates amounted to \$8,166. in 1926 and \$8,728. in 1927, the operations for the latter year resulting in a net revenue of approximately one and one-half per cent on the above rate base. However, the testimony shows that water has been delivered to the Wallace Ranch at the very favorable and preferential rate of \$6.00 per second-foot per month which, at the rate charged the other consumers, would amount to \$210. per second-foot per month. As the Wallace Ranch has no greater or different rights to water service than the other consumers, no reason exists for permitting the continuation of this unfair discrimination. The facts presented in this proceeding indicate that the average amount of water used by the Wallace Ranch, when charged for at the regular rate of 14 cents per miner's inch day, will result in increasing the total annual revenues of the company to about \$13,440., resulting in a net return slightly in excess of eight per cent upon the sum of \$67,706.

Hereafter applicant will be authorized to charge the Wallace Ranch Company at the regular rate of 14 cents per miner's inch day of twenty-four hours, which will obviate the necessity of any further changes in the rates for water furnished to the other water users.

O R D E R

Foothill Ditch Company, a corporation, having made application as entitled above to this Commission asking authority to increase the rates charged its consumers, a public hearing having

been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Foothill Ditch Company, a corporation, for water supplied to its consumers are unjust and unreasonable in so far as they differ from the rates herein established, and the the rates herein established are just and reasonable rates for the service rendered, and basing its order upon the foregoing finding of fact and upon the statements of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Foothill Ditch Company, a corporation, be and it is hereby authorized and directed to file with the Railroad Commission, within thirty (30) days from the date of this order, the following schedule of rates for all water supplied to its consumers on and after the 1st day of July, 1928:

RATE SCHEDULE

Per miner's inch day of 24 hours-----\$0.14

The miner's inch referred to above shall be equivalent to one-fiftieth (1/50) of one cubic foot of water per second.

IT IS HEREBY FURTHER ORDERED that Foothill Ditch Company, a corporation, be and it is hereby directed to install, within ninety (90) days from the date of this order, such standard measuring devices as shall be necessary to properly determine the amount of water delivered to the Wallace Ranch Company from the ditches or canals of said Foothill Ditch Company.

IT IS HEREBY FURTHER ORDERED that Foothill Ditch Com-

pany be and it is hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations governing the service of water to its consumers, said rules and regulations to become effective upon their acceptance for filing by the Railroad Commission.

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 29th day of June, 1928.

W. H. ...

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Commissioners.