

ORIGINAL

Decision No. 25222

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of A.R. Jacks for abandonment of
irrigation and domestic service
supplied by said A.R. Jacks to
certain consumers through ditch
system diverting water from
Meadow Valley Creek, Plumas County,
California.

Application No. 17856.

A.R. Jacks, in propria persona.

BY THE COMMISSION:

O P I N I O N

A.R. Jacks owns and operates a small irrigation and domestic water utility in Meadow Valley, Plumas County, California, and in this proceeding asks the Commission to authorize him to discontinue and abandon further public utility service or to establish such rates as will make the service rendered compensatory.

Applicant alleges that the rates heretofore fixed by this Commission are wholly inadequate and will not provide sufficient revenue for the maintenance and operation of the water system; that applicant is unable to obtain sufficient revenue from the sale of water from said system to meet any reasonable proportion of the cost of the operation and maintenance thereof or to meet the cost of the collection of the rates or the cost of supervision of the use of said waters and furthermore alleges that the rates heretofore fixed by the Commission will have to be

greatly increased unless applicant be authorized to abandon his obligations as a public utility.

A public hearing was held in the above entitled matter before Examiner Satterwhite at Quincy.

The water for this system is obtained by diversion from Meadow Valley Creek and is distributed through approximately three miles of ditches. There are seven domestic water users and eight irrigation consumers including applicant who owns and irrigates eighty acres out of the total of approximately one hundred and sixty acres of land in Meadow Valley susceptible to irrigation by this system. The principal crops raised are hay and alfalfa which are cut for the winter feeding of stock. The land holdings of the consumers are not extensive and practically no produce is raised for the market.

The rates in effect were established by the Commission in its Decision No. 22701, dated July 22, 1930, and are as follows.

DOMESTIC SERVICE

Monthly Flat Rate:

Residences-----\$1.50

IRRIGATION SERVICE

Flat Rate:

Per acre per season-----\$3.00

Measured Rate:

Per miner's inch per 24 hours-----\$0.04

Note: One miner's inch shall be considered to be the equivalent of one-fortieth (1/40th) of a cubic foot of water per second.

The consumer may have the option of receiving service under either the flat rate or the measured rate.

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In the above decision the estimated original cost of the physical properties of the system was found to be three thousand six hundred and seventy-five dollars (\$3,675) and the annual depreciation sixty-nine dollars (\$69). There have been no additions and betterments to or retirements from the physical properties since the date of the above findings.

According to the evidence the actual expenses for labor and miscellaneous repairs on this system for the year 1931 amounted to one hundred and twenty-five dollars and fifty cents (\$125.50) which did not include any charges for supervision or superintendence by the owner, Mr. Jacks. The revenues for 1931 were reported as two hundred and seventy-four dollars and fifty cents (\$274.50) which, however, did not include any charges for the irrigation water delivered to the Jacks' ranch. Mr. Jacks irrigated forty acres during the season of 1931 which, at the regular charge of three dollars an acre would amount to one hundred and twenty dollars (\$120). This would increase the total revenues receivable for the year 1931 to three hundred and ninety-four dollars and fifty cents (\$394.50). According to the testimony the year 1931 was exceedingly dry in the vicinity of Meadow Valley and the supply of water available for irrigation was far below normal which resulted in the fact that applicant was unable to irrigate more than forty acres out of the customary eighty acres. Normally, each year, when water is available and during any average season, applicant has in the past and intends in the future to irrigate the entire eighty acres which would make the charge for this utility service two hundred and forty dollars (\$240) instead of one hundred and twenty dollars (\$120) against the irrigation of applicant's own lands during an average or normal year. The evidence indicates that, similarly, the other consumers also can be expected to use more water during

seasons of better water supply than existed during the exceedingly dry year of 1931. In the former proceedings involving the rates of this utility, practically no consideration was given to the use by Mr. Jacks of a large quantity of water for the operation of a small hydro-electric plant used for lighting his own residence and operating miscellaneous equipment. This water is obtained directly from the same public utility ditch and under conditions similar to those supplying water for irrigation purposes to the users thereof and without any question whatsoever is also a public utility service. Heretofore no revenue from this source has been reported by applicant and the water after passing through the power plant is resold by him as second-run water to various of the irrigation consumers whose lands are so located as to take advantage thereof. The revenue received from the sale of this second-run water is quite substantial. It has never been included, however, as an operating revenue in connection with the public utility business and, in so far as the record in this proceeding is concerned, it is doubtful if there is sufficient evidence to find as a fact that this class of service is public utility in character. For this reason it will not be considered as a revenue properly chargeable to the public utility business. However, the testimony does indicate that in the operation of his hydro-electric power plant applicant uses what is estimated to be the equivalent of forty miner's inches or one second foot continuous flow which under the existing rate of four cents (4¢) per miner's inch would amount to five hundred and eighty-four dollars (\$584) per year. There is in fact no rate on file for the specific use of water for power purposes. Very probably in the establishment of a proper charge for this specific type of service, should it be

brought before the Commission for determination, a much lower rate would be fixed than the above general charge of four cents (4¢); however, assuming that a fair rate for this service would be as low as one cent (1¢) per miner's inch day instead of the filed quantity rate, the sum of one hundred and forty-six dollars (\$146) could fairly be allocated as a revenue receivable for the use of water by applicant for hydro-electric power and generating purposes. Giving consideration to all of these matters, it is clear that the revenues receivable for the year 1931 for this system can be taken fairly at not less than seven hundred and sixty dollars (\$760).

Mr. Jacks, according to his testimony, is of the opinion that by reason of the fact that he is operating a public utility he is entitled to a large monthly salary as general superintendent and owner. The testimony of certain consumers, as well as statements of Mr. Jacks himself, indicates that the system is practically self-operating and requires little or no effort on the part of any one to maintain service. The consumers usually divert their own water for irrigation purposes and only occasional trips are necessary on the part of the operator to inspect the condition of the diversion works. It is clear therefore from the evidence that the amount of ten dollars (\$10) per month allowed by the Commission's engineer for the supervision of this system is really more than ample and sufficient to cover the time reasonably and necessarily devoted by applicant to the affairs of the utility service. However, the amount of one hundred and twenty dollars (\$120) per year will be allocated for superintendence at this time in addition to the expenses incurred for labor and material in the maintenance of structures and canals.

Giving full consideration to the matters set out above, it is clear that applicant is actually enjoying a net return of approximately four hundred and fifty dollars (\$450) over and above the reasonable costs of operation and maintenance and depreciation.

The testimony of the consumers indicates that Meadow Valley is a territory the elevation of which makes it impractical to raise much in the way of crops other than hay and alfalfa and pasturage for stock. The growing season begins very late in the spring and is exceedingly short as compared to the growing season of the lower foothill and valley districts of the state. All consumers who testified stated that they are wholly unable to pay a higher rate for water and that any increase therein would be prohibitive and would make it impossible for any of them to take advantage of any further irrigation service. The evidence indicates that the sum of three dollars (\$3.00) per acre for this class of service is considerably higher than the average charge for similar service in the mountain regions of this section of the state.

Under all the circumstances it is clear from the record in this proceeding that applicant has failed wholly to present evidence which would indicate that he is entitled either to an increase in rates for water service or to discontinue further public utility service. The application therefore will be denied.

O R D E R

A.R. Jacks having made application to this Commission for authority to discontinue public utility service to his water consumers in Meadow Valley, Plumas County, California, or for the establishment of increased rates for said service, a public hear-

ing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises, and good cause therefor appearing under the facts and findings set out in the Opinion above, now, therefore

IT IS HEREBY ORDERED that the above entitled proceeding be and it is hereby denied.

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 3rd day of October, 1932.

C. L. Henry
Leon A. White
M. J. Carr
W. B. Harris
Fred G. Stewart
Commissioners.