

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

---c0o0o---

ORIGINAL

In the Matter of the Appli-
cation of the Foothill Ditch
Company, a corporation, to
increase rates for water.

)
(Application No. 1457.
)
(

---c0o0o---

D. E. Perkins, for Appli-
cant,
E. R. Griffith, for Con-
sumers.

GORDON, Commissioner.

O P I N I O N.

This is an application of the Foothill Ditch Company to in-
crease rates for water used for irrigation.

The Foothill Ditch Company was incorporated under the laws
of this state on the 23rd day of April, 1914.

Applicant receives its water supply from the Kaweah River
in Tulare County at a point in Section 26 T 17 S; R 27 E M. D.
B. & M. The ditch, some seventeen miles in length, extends in a
general southerly direction from the intake to a point in Sec-
tion 29 T 19 S; R 27 E.

The original ditch and structures were constructed in 1860.
In 1896 the ditch was enlarged and extended. During the past few
years the ditch was allowed to run down and in order to protect
the consumers, The Merryman Fruit, Land and Lumber Company pur-
chased the ditch in May, 1914 and have since operated it under
the name of The Foothill Ditch Company. This ditch has an adjud-
icated right to the use of six cubic feet per second of the wat-
ers of Kaweah River which practically insures a steady and con-
tinuous flow during the entire irrigation season. The company al-
so has a right to all the surplus water it can carry above six

Decision No. 2309

second foot after the rights of the other ditches are satisfied. Therefore, their average supply during the irrigating season is somewhat in excess of six cubic feet per second.

The present rates charged for water were fixed by old contracts made at the time of the sale of the land and ranged from four cents per miner's-inch per day to sixteen and two-thirds cents per miner's-inch day. The average rate per miner's-inch per day is \$.0816.

A public hearing was conducted in Exeter on March 9th, 1915, at which time a number of consumers testified in regard to the quality of water service and the propriety of the present established rates and the Company presented evidence to support its contention that rates were inadequate. The consumers were universal in their opinion that under the management of R. C. Merryman, President of the Foothill Ditch Company, improvements will be made and the service greatly improved.

Mr. Merryman of the Company stated in testimony that he will agree to sell the system to the consumers for the amount that he has invested at any future date and further stated that all he desires in rates is a fair return on the money actually invested.

A valuation was prepared by the Commission's engineers in connection with the sale of the property under Application No. 1576, which valuation showed a present value of \$27,950 or \$285 higher than the purchase price of \$27,665.

The sum of money expended by the Foothill Ditch Company in the plant, net, is as follows:

Purchase price,.....	\$27,665
Necessary improvements,.....	8,251
Total Investment,.....	\$35,916

The only testimony by Applicant upon which to base the maintenance and operation expenses of this system is a statement of total expenditures for the year 1914. The system was admittedly in a very poor condition in May, 1914 and undoubtedly a part of

these expenditures should be charged to capital account but in what proportion it is difficult to determine. From such data as is available, I find the reasonable and necessary maintenance and operating expenses to be as follows:

Insurance,.....	\$ 49
Office and Overhead,.....	116
Taxes,.....	63
Cleaning ditch, repairing flumes, etc.,.....	1890
Ditchtender, 6 months @ \$70 per month,.....	420
Miscellaneous material & sup- plies,.....	300
Legal & Extraordinary Expense,...	275
Water bought & pumped,.....	329
Total Maintenance & Operating,...	\$3442

After a careful review of the testimony in this case, I am of the opinion that a gross/annual revenue of \$6861 should net applicant a fair return upon its investment, after providing for depreciation.

Applicant submitted a statement of water use and revenue for the year 1914. In so far as water use is concerned, the evidence shows the year 1914 was an exceptionally wet year and a considerable quantity of surplus water was distributed which in a year of average or normal rainfall would not be available. Mr. Merryman, for applicant, estimated that the yield during an average year would be approximately 60,956 miner's-inches/^{days}. At the average price, which applicant has been receiving in the past for water, it is evident that the gross return in a year of normal rainfall would be insufficient.

There is one user of water, namely, C. E. Goodale of the Walkoe Ranch who transports water through the ditch of The Foothill Ditch Company from the Kaweah River to his Ranch some three miles from the intake. For this service, he pays nothing at present. Mr. Goodale has an adjudicated right to divert three cubic feet per second from the water of the Kaweah River and owns a one-third interest in the ditch from his Ranch to the intake. I am of the opinion that Mr. Goodale should bear his proportional part of the expense of maintaining and operating the ditch.

I will therefore recommend that a rate of 12¢ for one miner's

inch (1/50 second foot) for twenty-four hours for water used for irrigation purposes, and a charge of \$5.00 per second foot per month for water transported to what is known as the Wallace Ranch, be established.

I submit herewith the following form of order:

O R D E R

The Foothill Ditch Company having made application for an increase in rates, and a public hearing having been held, and the Commission being fully apprised in the premises;

IT IS HEREBY FOUND AS A FACT by the Railroad Commission of the State of California that the present rates of the Foothill Ditch Company are unjust and unreasonable rates, and the rates set out in this opinion and order are hereby found to be just and reasonable rates to be charged consumers for water by the Foothill Ditch Company, and basing its order upon the foregoing findings of fact and the further findings of fact set out in the Opinion preceding this order,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that the rates to be charged for water by the Foothill Ditch Company shall be as follows:

12¢ per miner's inch (1/50 second foot) per
twenty-four hours,

For all water transported for use at the Wallace Ranch, \$5 per sec. ft. per mo.

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 20th day of ^{April} ~~March~~, 1915.

Max Shuler
H. J. Leland
A. G. Leland
Edwin B. Leland
Frank B. Leland

Commissioners.