

Decision No. 7072.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of )  
Excelsior Water and Mining Company, )  
a corporation, for an order authoriz- )  
ing and permitting an increase in the ) Application No. 4423.  
rates and charges for water furnished )  
and services rendered by it in the )  
counties of Nevada, Yuba and Placer, )  
State of California. )

C. F. Metteer and Nilon & Nilon  
For Applicant.

Lloyd P. Larue for Protestants.

BY THE COMMISSION.

O P I N I O N

Excelsior water and Mining Company, a public utility engaged in the business of selling water for irrigation in Nevada, Yuba and Placer counties, State of California, asks authority to increase its rates, and alleges that its income is unremunerative and does not produce sufficient revenue to meet operating expense, depreciation and a return upon the value of its plant, and prays that the Railroad Commission establish a rate of \$45.00 per miner's inch, or a reasonable rate.

The rate schedule now in effect was established by this Commission in its Decision No. 1361, Application No. 934, "In the Matter of the Application of the Excelsior Water and Mining Company for authority to change water rates and charges for water furnished and service rendered in the counties of Nevada and Yuba", decided March 20, 1914 (Vol 4, p. 438 Opinions and Orders of the Railroad

Commission of California), and in a supplemental decision, No. 3190, in the above proceeding, decided March 4, 1915. (Vol. 6, p. 258, Opinions and Orders of the Railroad Commission of California).

Reference is made to the above mentioned decisions for the history, description and appraisal of applicant's property.

Data was submitted at the hearing herein relative to operating expenses incurred by applicant in the past. Applicant reports that the sum of \$31,621.63 was expended for this purpose during 1918. Details of this expenditure and those of previous years were submitted and show that several items which should properly be charged to other accounts or amortized over a period of years, are included. An analysis of all of the data submitted shows that the sum of \$26,400 is a fair sum for this purpose.

In view of the fact that only 2700 acres was irrigated in 1918, this is a very high cost per acre, and is undoubtedly due to the fact that this system was constructed for mining purposes and the character of the territory served which is mountainous, thus necessitating more mileage of ditches per acre than many other localities.

The record shows that the estimated cost of the system is \$512,721 and that the annuity is \$3,691. It is unnecessary to further discuss this appraisal or other elements of the annual charges, in view of the fact that at the rates asked for by the company, the income produced would be far less than the total of these charges. Furthermore, a rate established on the basis of these charges would be prohibitive to the consumers.

The evidence shows that the system will deliver water to about 3000 acres in 1920, of which approximately 2700 acres are planted to grass, alfalfa and rice, and 300 acres to orchard. Records of water use and income were submitted at the hearing, and have been carefully analyzed. It appears that the company does not actually record the use of water on all of its own lands and in one instance,

a portion of a holding was irrigated and no charge was made nor use of the water reported. Because of these practices it is impossible to determine what income would be produced from the use of water by any given rate schedule. In another instance, water is diverted from the stream by another company, also owned and controlled by the same ownership as applicant, and delivered at the intake of applicant's canal. This company charges applicant the same rate for this service as applicant charges its consumers, claiming that there is a reduction of loss by evaporation and seepage due to thus transmitting the water. Excelsior Water and Mining Co. loses by this transaction, because it expends money in distributing this water to its consumers. We suggest that it correct these inefficient and uneconomical methods of operation, and in the future exercise more care in the conduct of its business.

It is apparent, however, that applicant is entitled to a rate increase, in view of the fact that the present rate schedule produces approximately \$10,000 less than the necessary operating expenses.

It then remains to determine the amount which should in fairness be paid by the consumers for the service rendered in view of the crops produced and the conditions under which they are produced.

Certain consumers in the lower districts have been irrigating a considerable area planted to rice, with water which owing to the topographical conditions cannot be used at present for the irrigation of orchards or other crops. Furthermore, a large area is irrigated for pasture. This use of water is uneconomical and cannot survive, even with a comparatively low rate.

Applicant, however, has clearly dedicated its water for use within this district, and it would be unfair to consumers to establish a prohibitive rate. This, we believe, would so reduce the use of water, that despite increased rates, applicant's gross revenue would be materially reduced.

This Commission urges upon the water users of this system that they use their best endeavor to put the water to a higher use, either by developing orchards or otherwise, and gradually eliminate the use of water for purposes which must necessarily be unprofitable in a district where the cost of water delivered is high.

The development of a further water supply for any considerable area of land under this system, would necessitate the construction of a dam for the purpose of impounding water.

This development, however, is dependent upon the water users putting their land to its most beneficial use. We believe that there should be a concerted action on the part of applicant and all of its consumers, to develop this district and put the water to a much higher use than that use which at present prevails. In fairness to the company, a rate schedule cannot be long maintained which does not produce an income sufficient to make the operation of the system profitable. We suggest to the consumers and other land owners within this district, that immediate steps be taken to further develop the lands receiving their water supply from this system, and that they cooperate with the company in securing an additional water supply. The importance of such action cannot be over-emphasized, in view of the fact that the very life of this district, from an agricultural standpoint, is dependent thereon.

#### O R D E R

Excelsior Water and Mining Company having applied to the Railroad Commission for authority to increase its rates, a public hearing having been held and the Commission being fully apprised in the premises,

IT IS HEREBY FOUND AS A FACT, that the present rate schedule of the Excelsior Water and Mining Company, insofar as it differs from the rate schedule herein established, is unjust and unreasonable, and that the rates herein established are just and reasonable rates to be charged by said company for water,

And basing its order upon the foregoing finding of fact, and the other statements of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that Excelsior Water and Mining Company be, and it is hereby authorized and directed to file with this Commission within twenty (20) days of the date of this order, and thereafter charge, the following rates:

IRRIGATION

For all water delivered at the ditch or ditches of the company fifteen cents per miner's inch per day of twenty four hours or the equivalent thereof in amount, one miner's inch per minute being equal to one and one-half cubic feet.

POWER

Five cents (5¢) per miner's inch per 24 hours day for approximately 200 miner's inches used from the so-called Rough and Ready Ditch,.....\$10.00

Two and one-half cents (2½¢) per miner's inch per 24 hours day for approximately 110 miner's inches used from the so-called Newton Ditch,.....\$ 2.75

Total,.....\$12.75

Dated at San Francisco, California, this 9th day of January 1920.

Edwin D. Egan

H. A. Loveland

H. W. Brundage

Commissioners.