

Decision No. 9028

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
COTTONWOOD IRRIGATION AND MINING COM- ) Application No. 6109.  
PANY, a corporation, for authority )  
to raise toll rates. )

James G. Fairchild for Applicant.

BY THE COMMISSION.

O P I N I O N

Cottonwood Irrigation and Mining Company, engaged in furnishing water for domestic and irrigation purposes in the vicinity of Hornbrook, Siskiyou County, applies for authority to increase its rates from five cents to ten cents per miner's inch per day of twenty-four hours, which rate it states will not be sufficient to cover the actual operating expenses.

A public hearing upon the application was held by Examiner Westover at Hornbrook, of which consumers were notified, and about half attended.

Applicant diverts water from Cottonwood Creek and conveys it by a ditch about seven miles long, and diverts water from Grouse Creek and conveys it by a ditch about two and one half miles long - about half of the latter ditch being constructed in solid rock. About two miles of the creek channel is also utilized for conveying water.

The original Cottonwood Ditch was constructed for mining use previous to 1870 and was acquired by a group of in-

dividual irrigators about November, 1900, on a valuation of \$4000.00. Applicant was organized with a capital stock of \$10,000.00, divided into 100 shares of the par value of \$100.00 each, and \$6400.00 of stock at par was issued upon acquiring the property. Later the remaining 36 shares of stock were issued at \$80.00 per share, and \$5320.00 was raised by three assessments. The company is indebted in the sum of \$3750.00, represented by three promissory notes, part of the proceeds being used for construction purposes and part to cover deficits in operating expenses.

Operating expenses for 1919 are shown by applicant's books as totalling \$1440.25, but an analysis shows that part of this sum is chargeable to betterments. Operating expenses for 1920 are shown as \$916.68. For several years the officers served the company without compensation and gave the use of their automobiles. The estimate as made by Mr. John Spencer, one of the Commission's engineers provides for slight remuneration to the Secretary and also provides to a certain extent for the automobile operations of the officers in the conduct of the business. From an analysis of past expenses and a study on the ground of operating conditions, the Commission's engineer estimates a reasonable annual cost for maintenance and operation to be \$1310.00.

Operating revenues under the present five cent rate are as follows:

|      |   |          |
|------|---|----------|
| 1915 | - | \$597.40 |
| 1916 | - | 695.85   |
| 1917 | - | 694.20   |
| 1918 | - | 709.00   |
| 1919 | - | 1116.50  |
| 1920 | - | 684.85   |

or an average of \$782.96. The abnormally large sales during 1919 and 1920 were due to the fact that these were exceptionally dry years, and that the spring irrigation season opened very early in the year. The average revenue for the four years, 1915-1918,

inclusive, which appear to be normal years, amounted to \$674.11.

Of the 1919 operating revenue, amounting to \$1116.50, \$867.80, or 77%, was derived from 11 stockholders and \$248.70 from 16 non-stockholders. Of the 1920 revenue, \$716.00, or 81%, was derived from 9 stockholders and \$169.75 from 13 non-stockholders.

The present rates result in discrimination against stockholders, who, after paying the regular rates, are assessed upon their stock to cover deficits in operation. The discrimination resulting through the payment of assessments should at least be eliminated by establishing a rate sufficiently high to cover cost of maintenance and operation. The officers testified that, in their judgment, there would be no objection, under the circumstances, to granting the increase in rates sought, and the patrons of the company who were in attendance offered no objection when called upon.

No appraisal was presented in evidence by applicant and the Commission's engineers did not make an appraisal, for the reason that no return upon the investment is requested by applicant. No estimate of annuity for replacements was made because the rate requested will probably not return much more than the normal cost of maintenance and operation under present conditions.

#### O R D E R

A public hearing having been held upon the above entitled application, the matter being submitted and now ready for decision, and the Commission finding that the present rates are unjust and unremunerative and that the rate herein established is just and reasonable to be charged for the service rendered,

IT IS HEREBY ORDERED that Cottonwood Irrigation and Mining Company, a corporation, be and it is hereby authorized and directed to file within twenty days, and thereafter to charge and collect, rates for water used for irrigation purposes, as follows:

10¢ per miner's inch per 24 hours.

Dated at San Francisco, California, this 26<sup>th</sup> day  
<sup>May</sup>  
of ~~April~~, 1921.

H. P. Anderson  
H. D. Loveland  
Irving Martin  
W. T. Reed  
COMMISSIONERS.