

Decision No. _____

36780

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Railroad Commission authorizing applicant to file and make effective a new schedule of water rates (Schedule No. 8) applicable to untreated water from its ditch system to all customers and for all purposes not provided for under Schedule No. 6, excluding mining customers but including all customers whose irrigation demand during the irrigation season (May 1 to September 30) is less than one miner's inch of water; to refile its Schedule No. 6, as revised; and to file revised rules and regulations applicable to water service under said Schedules No. 6 and 8.

Amended Application No. 20858

- R. W. DuVal, for Applicant.
- J. J. Deuel, for California Farm Bureau Federation and Placer County Farm Bureau.
- P. L. Taylor, for Placer County Water Users Association.
- K. D. Robinson, for City of Auburn.
- J. A. Russell, for Auburn Lions Club.
- Stephen M. Barooshian, for City of Auburn water users.
- Alvin W. Musso, for Auburn Chamber of Commerce.
- Alex Becker, for Bowman water users.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company, a corporation engaged in the business, among others, of storing, diverting, distributing and selling water for irrigation, mining, industrial and domestic purposes in Placer County, asks the Commission, through amended application herein, for authority to file and make effective a

proposed schedule of measured rates (Schedule No. 8) applicable to the service of untreated ditch water in its Drum Division in Placer County, supplied to the domestic consumers in the rural areas and to all irrigation consumers whose demand for water during the irrigation season (May 1 to September 30) is less than one miner's inch⁽¹⁾ of water. Authority is also requested to revise Schedule No. 6 which is applicable to all water supplied for irrigation service by changing the minimum irrigation demand from the one-quarter miner's inch to one miner's inch continuous flow per season (May 1 to September 30). The Commission is asked to permit the withdrawal and cancellation of its filed rules and regulations governing the sale of water for irrigation purposes in Placer County and to permit the substitution therefor of a revised set as shown in the application.

It is alleged in the application that the company does not have a schedule of measured rates covering the service rendered to domestic users in the rural section lying along its ditches and that the flat rate schedule now in effect, varying from one dollar (\$1.00) to two dollars (\$2.00) per month, is discriminatory and does not properly apply to all of the different types of service furnished. It is further alleged that the irrigation schedule now in effect provides for the delivery of a fractional inch of water difficult to measure accurately for agricultural use, for which reason it is proposed to place this class of service under a new schedule of measured rates which will produce approximately the present revenues and should result in a

1. The miner's inch used throughout is considered as equivalent to one-fortieth (1/40th) of a cubic foot of water per second.

more economical and beneficial use of water.

Public hearings in this matter were held at Auburn before Examiner Claude C. Brown.

The present schedule of rates for irrigation service for the Drum Division provides for a rate of forty-five dollars (\$45.00) per miner's inch per season, May 1st to September 30th, continuous flow, with a minimum limitation of one-quarter ($\frac{1}{4}$) miner's inch per season. There are no rates filed applicable strictly to the rural domestic water service but flat rate charges have been made ranging generally from one dollar (\$1.00) to one dollar and a half (\$1.50), and as high as two dollars (\$2.00) per month in certain instances, depending upon the size of the premises and the use made of the water. Most consumers in this class having a demand for irrigation water have taken advantage of the fractional inch irrigation rate and have not been billed for domestic water at all.

The schedule of rates proposed for the domestic user in the rural area along the company's ditch system and for the irrigation or other consumer whose demand for water is less than one miner's inch is as follows:

SCHEDULE NO. 8

UNTREATED WATER - METER SERVICE

Character of Service:

This schedule is applicable to untreated water from the Company's ditch system to all customers and for all purposes not provided for under Schedule No. 6, excluding mining customers but including all customers whose irrigation demand during the irrigation season (May 1 to September 30) is less than one miner's inch of water.

Territory:

Entire territory supplied by the Company's ditch system in the Drum Division.

Rate:

First	1,000 cu. ft. per meter per month--	\$.10	per 100 cu. ft.
Next	4,000 cu. ft. per meter per month--	.05	per 100 cu. ft.
Next	5,000 cu. ft. per meter per month--	.025	per 100 cu. ft.
All over	10,000 cu. ft. per meter per month--	.015	per 100 cu. ft.

Minimum Charge:

\$1.25 per meter per month.

Special Conditions:

(a) For summer cottage and other seasonal use customers this schedule is available only on annual contract, and the minimum charge will be \$15.00 per annum. The Company reserves the right to bill the annual minimum charge proportionately throughout the seasonal water use period.

(b) The water supplied under this schedule will be from open conduits and will not be treated by Company for domestic use. Company does not represent such water to be potable or suitable for domestic use and any such use will be at risk of user. Delivery and meter measurement will be at Company's conduits.

(c) The Company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing or making essential improvements thereon.

-oCo-

From the evidence it appears that the area served by applicant's Drum Division ditch system extends from Baxters approximately forty-five miles to a point near Roseville and varies in width from one to eight miles. The service is largely for agricultural irrigation although water is also used for domestic, industrial and to a limited extent for mining purposes. Treated water for general domestic service is furnished by this company in the incorporated towns of Colfax, Auburn, Newcastle, Loomis and Rocklin. Untreated water is also sold in wholesale quantities to the cities of Roseville and Lincoln. Both of these communities distribute the water through their own municipal water plants. This entire group of city service

is not involved in this proceeding.

The Boardman Canal is the main transmission conduit used in conveying domestic and irrigation water in Placer County area and is approximately seventy miles long with a capacity varying from forty to forty-five second feet. About one hundred miles of additional lateral canals, ditches and pipe lines are devoted solely to irrigation use. Water is diverted by the Boardman Canal from the Bear River at Emigrant Gap and is distributed therefrom throughout the area served to a point near Roseville. The Bear River supply is augmented with water from the North Fork of the American River and from the South Yuba River. Since the completion of the Sacramento-Tahoe Highway there has been a rapid increase in the number of small water consumers, both permanent and vacation users in character of demand, for whom there is no specifically applicable rate. If the premises were large and included some irrigation use, the consumers were compelled to take irrigation service varying in quantity from the fractional quarter-inch to a full miner's inch or more. In addition to the difficulties arising from attempting to measure accurately water in quantities less than an inch through the irrigation measuring boxes with the resulting lack of uniformity in volume of deliveries, this class of service is subject to demand only during the irrigation period of five months from May to September, inclusive. However, as there has been in the past some water available in the ditches during the remaining seven months of the year for the use of the larger irrigation consumers, domestic service has been available practically continuously throughout the entire year.

Applicant presented exhibits and testimony through its witnesses purporting to show that the fixed capital devoted to

water service in the Drum Division, based upon estimated historical cost as December 31, 1936, amounted to two million eight hundred forty-eight thousand six hundred and nine dollars (\$2,848,609); total operating revenues from all sources for 1936, two hundred seven thousand seven hundred forty-five dollars (\$207,745)⁽²⁾; operating expenses, including twenty thousand one hundred thirty dollars (\$20,130) for depreciation annuity, one hundred twenty thousand fifty-eight dollars (\$120,058), leaving a net for return of eighty-seven thousand six hundred eighty-seven dollars (\$87,687), covering the operations for the year 1936 and being equivalent to a net return of 3.08 percent on the above investment. Upon the same basis as above, returns for the preceding 6-year period ending December 31, 1935, are as follows:

1930-----	5.22%
1931-----	5.19%
1932-----	4.62%
1933-----	2.67%
1934-----	4.16%
1935-----	3.01%

In 1933 a large portion of the irrigation system known as the Gold Hill Section was sold to Nevada Irrigation District.

A study was made by certain members of the engineering staff of the Pacific Gas and Electric Company for the purpose of determining the result of the new proposed schedule of rates upon the consumers that would be affected by this change. At the time of the investigation it appeared that about 341⁽³⁾ water users

2. During 1936, earnings from sales for irrigation purposes amounted to \$143,866.39; commercial sales, metered rate, \$34,960.15, flat rate, \$1,802.53; total \$180,629.07. The balance of \$27,115.93 was derived from miscellaneous industrial and other sales.

3. During the hearing it was estimated that since the original study was made the number of consumers affected will be approximately 400.

would be involved. The installation of meters and other necessary equipment and improvements to provide service under this schedule will require an expenditure in excess of ten thousand dollars (\$10,000) and will result in an increase in operating costs in the neighborhood of thirty-five hundred dollars (\$3,500) per annum according to testimony presented in behalf of the utility. Based upon a study of the water demands of the 341 consumers, the present annual revenue received amounts to seven thousand four hundred nineteen dollars (\$7,419) and the estimated annual revenue from the same users under the proposed schedule will amount to nine thousand one hundred twenty-nine dollars (\$9,129), which sum includes four hundred dollars and fifty cents (\$400.50) allocated to some twenty consumers who have practically received free water service under various agreements and conditions, some of which may or may not be properly reclassified as regular water users and hereafter placed under the newly proposed tariff. Deducting the above amount would indicate an increase in revenues of thirteen hundred and ten dollars (\$1,310) by application of the proposed Schedule No. 8. These revenues were based upon the study of water used at each of the premises involved and a comparison in every instance with the rate as proposed together with the quantity of water which was estimated would meet the consumers' demands. The estimated quantities in turn were based upon the results shown by test meters placed upon a large number of representative premises throughout the area, some for a period of seven months and others for a period averaging twenty months during the years 1936 and 1937.

The proposed Schedule No. 8 will place a greater proportionate burden of the resulting increase upon the shoulders of

those consumers using less than one miner's inch and now charged under the irrigation schedule than upon the others now billed under the monthly domestic rates. The former consumers have in the past and still are reaping the benefits of receiving what is really a domestic service at a rate designed primarily for agricultural irrigation demands for commercial projects. The amended application as filed makes the division between agricultural irrigation service and the so-called domestic service from untreated ditch water at one miner's inch; that is, consumers requiring one miner's inch of water or more will be placed under the revised Schedule No. 6 and those applying for less than one miner's inch of water during the irrigating season, May 1 to September 30, will be upon the newly proposed Schedule No. 8. Nevertheless, witnesses for the company have attempted to alter this segregation by recommending an increase in this limitation to one and one-half ($1\frac{1}{2}$) miner's inches so that an irrigation consumer under Schedule No. 6 will be one whose requirements equal or exceed one and one-half miner's inches and those whose demand is less than one and one-half miner's inches will be placed upon the new Schedule No. 8. It should be pointed out at this time that it was conceded by all parties concerned that this segregation in its entirety is more or less arbitrary. The present limitation for irrigation service is the equivalent of one-quarter of a miner's inch. The record does not justify any increase in this limitation over one miner's inch which will be established for the purposes of this proceeding. Upon this basis the survey of consumers' premises to be affected by the new Schedule No. 8 showed 271 consumers taking water under the irrigation schedule at one miner's inch of water or less, 58

of these consumers taking the one inch of water also used water for domestic purposes during the entire year. In addition to this but not included in the original survey, 27 consumers received a flat one miner's inch of water for purely irrigation purposes during the 5-month irrigation season only and obtained domestic service from their own or independent sources of supply. This group of irrigation consumers will not be affected by the Order herein. A further segregation of the 271 consumers referred to above is as follows:

- 93 consumers applied for and received 1/4 miner's inch continuous flow.
- 117 consumers applied for and received 1/2 miner's inch continuous flow.
- 3 consumers applied for and received 3/4 miner's inch continuous flow.
- 58 consumers applied for and received one (1) miner's inch continuous flow and also made use of ditch water for domestic purposes during the entire year.

The company has proposed to permit any consumer applying for irrigation water in excess of one miner's inch to avail himself of ditch water for domestic and incidental purposes throughout the remaining seven months outside the irrigation season. At the same time, it desires to place a consumer applying for one miner's inch only for irrigation purposes and desiring also water for the remaining seven months for domestic and incidental purposes under the new Schedule No. 8. This will not be permitted. The line of demarcation will be established so that those applying for one miner's inch or more will be entitled to the said incidental service during the remaining seven months. Under the irrigation schedule those applying for less than one miner's inch of water will be classified under Schedule No. 8.

Mr. Frederick E. Browne, a mining engineer who is also a land owner and water consumer receiving untreated ditch water, testified that Schedule No. 8 as proposed would place an unwarranted increase in the cost of water upon those consumers using water for agricultural irrigation purposes but requiring slightly less than one miner's inch. The evidence shows that the company has for a considerable number of years been required to extend water service from its ditches in various parts of its system for what is really a demand no more extensive than a combination of household use with lawn, garden and small parcel sprinkling or irrigation. This demand has steadily increased and, being scattered throughout the entire length and breadth of the ditch system, has now reached a point where the cost of this class of service is becoming burdensome as compared with the general distribution of water from the ditches for commercial agricultural irrigation purposes. The building of homes, both for permanent occupancy and for summer vacation or week-end requirements throughout the year, has developed another distinctive class of service in which the consumers require ability and readiness to serve at all times throughout the year without notice to the utility. The present schedule of rates heretofore charged was designed merely for agricultural irrigation service during a limited period of five months. In order to meet this increasing permanent and intermittent vacation demand for domestic and incidental uses, the irrigation season and delivery from company canals and ditches has been stretched out until it now embraces the entire year. In comparison with domestic service in a built-up city or town, the scattered and frequently isolated nature of the service as pro-

posed under Schedule No. 8 is considerably more burdensome to the utility. In all fairness these conditions warrant at this time the establishment of a schedule of rates more properly designed to cover the actual conditions encountered and to avoid the present unreasonable discrimination among consumers such as now exists through attempts to apply to small semi-domestic service a rate primarily fixed for agricultural and commercial irrigation service. The charge as made under the dollar and a quarter (\$1.25) monthly minimum charge provides for 1500 cubic feet of water which in itself is not an exorbitant rate under the general conditions present in spite of the fact that the water is untreated. To provide filtered water from the ditches would, of course, not be feasible from an economic standpoint.

Schedule No. 8 also includes a special rate of fifteen dollars (\$15.00) per annum for summer cottages and for cabins and homes generally used for vacation and intermittent week-end and holiday purposes. This rate compares favorably with similar charges in other vacation areas and was designed, among other things, to eliminate the necessity of turning service on and off during various periods of the year when the premises are and are not occupied.

A general review of the testimony and evidence presented in connection with this proceeding indicates that a new schedule of rates should be established for the classes of service covered under the proposed Schedule No. 8 and that it is not unreasonable to revise the limitation of one-quarter of a miner's inch continuous flow for agricultural irrigation purposes under Schedule No. 6 and place such limitation upon the basis of the use of one miner's

inch of water or more. There may result in some instances certain increases over and above the charges heretofore made, but the record indicates that such increases will not be excessive and at this time are justified under existing conditions of service.

The company in its application requests authority to cancel its present Schedule No. 6⁽⁴⁾ and in lieu thereof file a revised Schedule No. 6 applicable to the service of untreated water from its ditch system in the Drum Division to consumers whose irrigation demand equals or exceeds one miner's inch of water for service during the irrigation season, May 1 to September 30. The filing of this revised Schedule No. 6 will be authorized to conform in its limitation with Schedule No. 8 as directed to be filed in the following Order.

A further request has been made for authority to withdraw and cancel the present rules and regulations and for the approval of a revised set of such rules and regulations to cover the sale of water and service to be rendered by the company under revised Schedule No. 6 and proposed Schedule No. 8, such revised rules and regulations being attached to the application herein and designated as Exhibit "C." By reason of the complicated nature of these proposed new rules and regulations and their importance to all consumers, both domestic and irrigation, it was generally agreed at the hearing held in this proceeding by representatives of the consumers, the utility and members of the Commission's staff that approval of such rules should be withheld at this time and that the entire matter of new rules and regulations be made the subject of conference by and between said interested parties and that thereafter

4. This is the main schedule for general agricultural irrigation service throughout the entire Drum Division.

such proposed rules and regulations as may have been agreed upon thereby, together with any controverted rules, be referred to the Commission for final determination through informal acceptance and approval, or otherwise. It appears that this recommendation is to the best interest of all parties concerned and it will be so ordered.

O R D E R

Application having been filed with this Commission as entitled above, public hearings having been held thereon, the matter having been submitted and the Commission being now fully informed in the premises, and basing this Order upon the foregoing findings of fact and the conclusions set out in the preceding Opinion, now, therefore,

IT IS HEREBY ORDERED that the Pacific Gas and Electric Company, a corporation, be and it is hereby ordered to file with this Commission, within thirty (30) days from the date of this Order, the following schedule of rates to cover the service of untreated water from the company's ditch system in Placer County in its Drum Division for all purposes not provided for under revised Schedule No. 6, excluding mining consumers but including all consumers whose irrigation demand during the irrigation season, May 1 to September 30, inclusive, is less than one miner's inch of water.

R A T E S

Territory:

Entire territory supplied by the company's ditch system in the Drum Division.

Minimum Monthly Charge:

\$1.25 per meter per month.

Monthly Quantity Rates:

First	1,000 cu. ft. per meter per month--	\$.10	per 100 cu. ft.
Next	4,000 cu. ft. per meter per month--	.05	per 100 cu. ft.
Next	5,000 cu. ft. per meter per month--	.025	per 100 cu. ft.
All over	10,000 cu. ft. per meter per month--	.015	per 100 cu. ft.

Special Conditions:

(a) For summer cottage and other seasonal use customers this schedule is available only on annual contract, and the minimum charge will be \$15.00 per annum.

(b) The water supplied under this schedule will be from open conduits and will not be treated by company for domestic use. Company does not represent such water to be potable or suitable for domestic use and any such use will be at risk of user. Delivery and meter measurement will be at company's conduits.

(c) The company does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purpose of cleaning, maintaining, repairing or making essential improvements thereon.

-o-o-

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company, a corporation, be and it is hereby authorized to withdraw and cancel, within thirty (30) days from the date of this Order, its filed Schedule No. 6 applicable to water supplied for irrigation purposes from its ditch system in its Drum Division and to file in lieu thereof a revised Schedule No. 6 as set out in Exhibit "B" attached to the application herein and hereby made a part of this Order by reference, applicable to the service of untreated water from its ditch system to consumers whose irrigation demand equals or exceeds one miner's inch of water for service during the irrigation season, May 1 to September 30, inclusive.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric

Company, a corporation, be and it is hereby directed to file with this Commission, within ninety (90) days from and after the date of this Order, revised rules and regulations governing the distribution of water to its consumers under revised Schedule No. 6 and the schedule of rates set out in this Order but hereinbefore referred to as Schedule No. 8, said rules and regulations to become effective upon their acceptance for filing by this Commission.

For all other purposes the effective date of this Order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 11th day of April, 1938.

W. H. ...
Leon ...
John ...
Ray ...
... & ...
Commissioners.