

ORIGINAL

Decision No. ~~40332~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ARROYO DITCH COMPANY for authority to increase the rates charged by the applicant for water service.

Application No. 27113

Henry S. Lyon, for Applicant.

O P I N I O N

In this proceeding the Arroyo Ditch Company, a corporation, supplying water principally for agricultural irrigation and mining in the vicinity of the town of Plymouth in El Dorado County, asks the Commission for authority to increase rates.

The Commission is requested to establish a rate of 25 cents per miner's inch\* day or a higher rate, if justified, for all water delivered, except, that in the case of Plymouth Water Works the present flat rate of \$25 per month is asked to be increased to \$75.

Public hearings in this matter were held before Examiner M. R. MacKall at Plymouth.

This canal system, generally known as the Enterprise Ditch, is one of the oldest mining ditches still operating in California. It was built in 1850 and carried water diverted from the middle and south forks of the Cosumnes River and transported and distributed through a main canal called the Enterprise Ditch and a great network of lateral ditches covering the territory lying between the Cosumnes River in El Dorado County and Dry Creek in Amador County. To the west water was carried as far as Ione in Amador County. The properties were acquired in 1899 by Alvinza Hayward, C. D. Lane and Hobart Estate Company, owners of the Utica Mine in Angels Camp, and sold December 31, 1941, to Arroyo Mining Company, a corporation

Note:\* A miner's inch for the purpose hereof shall mean a continuous flow of water equivalent to 1.5 cubic feet per minute.

operating floating gold dredges in the vicinity of Ione. The mining company being a Nevada corporation, organized applicant Arroyo Ditch Company, a California corporation, to acquire and operate the ditch system. Although several hundred thousand dollars were expended in the original construction of this canal system, the purchase price of \$13,500 was set up on the company books in 1941 as the amount of the fixed capital installed. A number of the lateral ditches have been abandoned for many years and only the main ditch conveying water to the town of Plymouth and portions of the Forest Home and Irish Hill ditches are now being operated. Very little water is used for placer or gravel mining since Arroyo Mining Company worked out its ground in 1942 and ceased dredging operations near Ione. Some dredging still continues, however, by drag line and clam-shell bucket outfits, locally called "Doodle Bugs." The main service rendered in the past four years has been supplying water to the Plymouth Water Works, which serves water for domestic and commercial purposes in the city of Plymouth, and for the irrigation of alfalfa, permanent pasture crops, and stock water to less than a total of 500 acres.

The water supply is obtained from four principal sources, the Middle Fork of the Cosumnes River, South Fork of Cosumnes River, Pigeon Creek and Indian Creek. The main and only dependable source of water supply comes from the Middle Fork of the Cosumnes River at Log Dam. The water is diverted at this point into the Enterprise Ditch by means of a concrete dam built in 1912 and conveyed thru the Enterprise Ditch approximately 18 miles to Little Indian Creek near Plymouth. Water is carried thru the natural channel of Little Indian Creek to a point one mile west of Plymouth where the Forest Home Ditch takes out, running one mile westerly thence dividing into two ditches, the southerly one called the Irish Hill Ditch. These two ditches supply most of the water used for irrigation and stock water purposes. About 30 inches of water continues down Little Indian Creek and it is picked up by three consumers from their own individual diversion dams in the creek. Irish Hill Ditch is about 12 miles in length but only two miles is being maintained at the present time. From the Irish Hill Ditch, water is spilled into the natural channel of

Willow Creek supplying three consumers, the last being the Rupley Ranch five miles downstream. Forest Home Ditch is now maintained for only eight miles, spilling water into a ravine and later collected in Bliss Reservoir, the only storage on the entire system. This reservoir covers an area of 19 acres but is located on the John Orr Ranch. Under present operating practice this reservoir is of little benefit to the consumers mainly because of evaporation losses and constant disputes over the ownership of water stored therein and the right of lower consumers to its use.

In early spring this system diverts only water from the South Fork of the Cosumnes River and from Pigeon Creek and Indian Creek. When these streams dry up the entire supply comes from the Middle Fork, which however does not yield sufficient water in years of low run-off to meet the consumers' demand, a situation made more serious by lack of ditch maintenance and the enormous seepage losses resulting from the extensive use of dry natural creek channels and ravines and also because of unmeasured deliveries. Long deferred maintenance and replacement of 6,104 feet of flume is another major contributing factor to the transmission losses.

Arroyo Ditch Company claims prior entitlement to divert the first 1,000 miner's inches from the Middle Fork of the Cosumnes River. However, because of the run-down condition of the Enterprise Ditch and flumes, not more than 400 miner's inches can be delivered as far as Plymouth. The ditch capacities and canal losses are shown in the following table:

	Ditch Capacity Miner's Inches	Operating Ditch Head Miner's Inches	Deliveries Estimated Miner's Inches	Number of Consumers
Enterprise Ditch	800	400	65	9
Forest Home Ditch	400	200	118	9
Irish Hill Ditch	80	50	40	2
Little Indian Creek				3
Willow Creek				3
Total			223	26

There were 26 customers served from this system in 1946, all being charged on an annual or a monthly flat rate basis. The annual flat rates are

charged for irrigation and stock watering use, and vary from \$15.00 to \$75.00 per year. The monthly flat rates cover domestic service at \$2.00 per month for a residence and a charge of \$25.00 per month for water delivered to Plymouth Water Works for resale purposes. The measured rate of \$.25 per miner's inch is now in effect but is applied only to water delivered for mining purposes. Even this water is not actually measured through any type of measuring device but estimated by eye only.

Mr. D. A. Cormack, Secretary-Treasurer for Applicant, testified that his Company's original investment in the system was \$13,500, the purchase price paid for the property in December, 1941. He further testified that the Company has not made operating expenses since 1943, mainly due to the loss of revenues from the decline in mining operations. The following figures on operations were submitted by Mr. Cormack:

Year	Revenues	Expenses	Net Revenues
1941	\$10,279.25	\$7,529.01	\$2,750.24
1942	6,199.00	5,624.01	574.99
1943	3,005.50	4,902.90	(1,897.40)
1944	1,154.50	5,425.84	(4,271.34)
1945	1,357.91	6,028.37	(4,670.46)
1946*	2,398.25	6,124.83	(3,726.58)

Note: \*Actual Figures Substituted.  
(Red Figures)

Mr. Clyde F. Norris, one of the Commission's engineers, presented a report covering an investigation of the system, in which he estimated the historical cost of the system to be \$63,559. The depreciation expense was computed on the 5% sinking fund method and amounts to \$894.00. The report of the Commission's engineer showed that in 1946 there were 23 agricultural consumers served and 3 who used water for mining purposes including the Plymouth Mine now owned by the Argonaut Mining Company. The actual revenues received for 1946 amounted to \$2,398, while Mr. Norris' estimate of the reasonably necessary costs of operation for the immediate future based upon past operating personnel and practice amounted to \$7,969, indicating a deficit of \$5,571.

From the above figures it is clear that placing this system upon a sound business basis presents not only a serious problem to the operators but equally so to the consumers. To maintain continuous future operation will require the serious cooperation of the consumers and the Company. Except during the period water was required for floating gold dredging by the Arroyo Seco Gold Dredging Co., no attempt had ever been made by any of the owners of the Enterprise Ditch during a great number of years last past to maintain it in proper condition. This could hardly have been otherwise because no compensating revenues were forthcoming except from mining and this source was eliminated as the result of war-time restrictions. The main reliance fell upon agricultural demand which was so inadequate that the maintenance of the canal system was reduced to an absolute minimum, large sections of the ditches were abandoned and the farmers were permitted to take their own water deliveries, when water was available. The result is a general and complete break-down in operating efficiency and practices. Mr. Lorrin L. Crain, the general superintendent, has been forced to run the system practically single-handed, doing most of the labor on flume replacement and repairs, ditch cleaning and tunnel maintenance with little or no extra help, a task not possible for one man to handle alone. While this system now suffers from long deferred maintenance, the fact remains that repairs must be made, especially to the flumes and the 810-foot tunnel, if any service whatsoever is to continue. Unfortunately the major part of the gulch and ground flumes must have immediate replacement.

There is no other source of water supply available throughout this area. The City of Plymouth is dependent entirely on the Enterprise Ditch for water. In spite of the claims of some irrigators that they derive most of their water supplies from creeks and springs on their own properties, the testimony herein clearly demonstrates that the source of such waters in summer and fall is seepage from canals and natural channels used as ditches. There are no wells in this entire area capable of producing water for agricultural purposes and few of them yield sufficient water for household use on the ranches. Maintenance of this ditch system is, therefore, essential to the whole area. This is recognized by most of the land-

owners and residents.

The consumers testified that they are ready and willing to pay any reasonably increased rate established by this Commission, but predicate such agreement upon the request that deliveries of water be supervised and regulated to eliminate present discrimination and assure those ranchers located at the extreme ends of the ditches and the outlying districts that they will receive their fair share of water.

The Company has asked for a minimum measured rate of 25 cents per miner's inch day of 24 hours or whatever higher rate may be found just and proper. The Commission's engineer estimated that the 25-cent rate should yield approximately \$7,960 in gross revenues, including incidental use. His estimate on future operating expenses of \$7,969, included an allowance for an extra ditch tender and some extra labor in order to properly operate the system. However, to operate this property on a measured basis will require additional ditch tenders throughout the irrigating season and extra labor will also be necessary from time to time. From the figures presented in this record it appears that the base rate to maintain this system in operation and continue service, disregarding return upon the investment, will be 35 cents per miner's inch day of 24 hours.

The suggestion was made by Applicant that Plymouth Water Works be placed upon the measured basis. The present charge is flat rate amounting to \$300 per year. The evidence presented on the use of water by this utility is conflicting and wholly insufficient. The Company's estimate of 10 miner's inches was not based upon any form of actual measurement but mere conjecture. It appears highly probable that, considering the very small winter demand by this utility, the actual result over an entire year at the rate proposed by Applicant would in fact amount to a reduction in revenues. Under the circumstances the present rate to the Plymouth Water Works appears fair and reasonable, and will not be disturbed until such future time as more reliable information can be submitted on the actual water use.

In connection with the Plymouth Water Works the testimony shows that Applicant has gradually acquired a considerable number of domestic consumers within the service area of the Water Works, which unduly reduces the revenues and restricts

the activities of this small utility. Applicant has not dedicated its service generally to other than agricultural, industrial and mining demands and is not endowed with the right to invade the service area of Plymouth Water Works which has a long established right to furnish the domestic, commercial, and municipal needs of the City of Plymouth within the utility's area of service. Applicant, therefore, should release these domestic consumers to the Plymouth Water Works and hereafter shall refrain from serving any new consumers which Plymouth Water Works is entitled to supply.

In conclusion it should be pointed out that the rate established in the following Order should enable the Applicant to place this system in good practical operating condition, and at the same time provide sufficient operating personnel to see that all service to consumers is regulated upon a scheduled rotation delivery basis. All water sold upon a measured basis should be actually measured and billed accordingly. In stock water deliveries the amounts of water should for practical reasons, perhaps, be determined through mutual agreement with the cattlemen. The consumers should understand that all water deliveries must be supervised by the Company operators and self help should be eliminated except in cases of emergency. There should be no interference with ditch water being delivered to other consumers regardless of disputed claims to water sources, which matters should be settled in the civil courts. It is the aim of this Commission to prevent the discontinuance of operation of this ditch system, with the attendant loss of its water rights. Diversion of the waters now dedicated to this territory, to other watersheds or other uses would be a tragic, but unnecessary disaster. The solution lies with the consumers. If acreage is increased as promised, and more water used, the continued operation of this utility may be assured and, furthermore, whenever sufficient water is taken by the consumers, the present rates may, with propriety, be reduced.

#### O R D E R

Application as entitled above having been filed with the Public Utilities Commission of the State of California, public hearings having been held thereon, the matter having been duly submitted, and the Commission now being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that the rates now charged by Arroyo Ditch Company, a corporation, for water delivered to its customers in and in the vicinity of the unincorporated town of Plymouth, in the County of El Dorado, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates to be charged for the service rendered; and basing its Order upon the foregoing finding of fact, and upon the further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that Arroyo Ditch Company be and it is hereby authorized and directed to file with the Public Utilities Commission of the State of California, within thirty (30) days from the date of this Order, the following schedule of rates to become effective for all water service rendered on and after the first day of June, 1947:

Schedule No. 1

METER RATES

Applicability:

For all water service delivered for agricultural, industrial and mining purposes.

Territory:

Area supplied by Enterprise Ditch System in El Dorado and Amador Counties in the general vicinity of the town of Plymouth.

Rates:

	<u>Per Miner's Inch*</u>
	<u>Day of 24 Hours</u>
For all water delivered .....	\$0.35

Note: (\*) A miner's inch shall mean a continuous flow of water equivalent to 1.5 cubic feet per minute, or 1/40th of a cubic foot per second.

Schedule No. 2

FLAT RATES

Applicability:

For all water service delivered for residential domestic purposes.

Territory:

Area supplied by Enterprise Ditch System in El Dorado and Amador Counties in the general vicinity of the town of Plymouth.

Rates:

	<u>Per Month</u>
For all residential domestic service.....	\$2.00
Plymouth Water Works.....	25.00



IT IS HEREBY FURTHER ORDERED that the Arroyo Ditch Company shall file with this Commission, within sixty (60) days from the date of this Order, in quadruplicate, a revised set of rules and regulations governing relations with its consumers, said rules and regulations to be subject to the approval of this Commission.

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 27<sup>th</sup> day of May, 1947.

Harold P. Huls  
Justus J. Callicott  
David F. Powell  
C. F. Morrison  
Kenneth Pittman  
Commissioners.