

ORIGINALDecision No. 41994

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
the Yuba Investment Company, for
permission to increase rates and
to regulate the sale of water.

Application No. 29393

Manwell and Manwell, by Ray Manwell, for
Yuba Investment Company; Leon Cory, for
Olive Groves, Inc.

POTTER, COMMISSIONER:

O P I N I O N

Yuba Investment Company, a corporation, supplying water for agricultural irrigation purposes near Bangor, Yuba County, asks the Commission for authority to increase its present rate of \$25 per miner's inch ¹ per year to \$50 per miner's inch per year.

A public hearing in this matter was held in Marysville.

This system originally was installed about 1913 by the Los Verjels Land and Water Company which had been incorporated August 4, 1911. Subsequently, in May, 1931, the corporate name was changed to Yuba Butte Orchards Company, Ltd., and in 1935 its properties were sold to Yuba Investment Company, a corporation, which is operating the system at the present time.

The water supply for this system is obtained from Dry Creek. A multiple arch dam, located approximately five miles east of the town

A miner's inch for the purposes herein shall mean a continuous flow of water equivalent to one-fortieth (1/40th) of a cubic foot per second or 1.5 cubic feet of water per minute.

of Bangor, creates a reservoir with a capacity of approximately 1,500 acre feet. From the reservoir water is carried down the natural channel of Dry Creek 3/4 of a mile where it is diverted by means of a masonry dam, and conveyed through approximately 8 1/2 miles of ditch and flume to seven consumers, served on a measured basis, and to one consumer who takes all remaining water.

Mr. Martin C. Polk, a registered civil engineer, testifying on behalf of applicant, stated that there is a superior court injunction in effect prohibiting the full use of the company's dam on Dry Creek, resulting in the company being able to store only a portion of the full reservoir capacity. He stated further that plans and specifications for construction work on the dam have been submitted to and approved by the Division of Water Resources, and that the estimated cost thereof is \$30,000. Completion of required reconstruction will provide a total storage capacity of 1,600 acre feet.

Mr. Frank Carmichael, President of Yuba Investment Company, testified that during each of the past four years, 1944 to 1947, inclusive, the company has suffered an operating loss, and submitted the following figures:

<u>Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses</u>	<u>Operating Loss</u>
1944	\$ 2,875	\$ 4,600	(\$ 1,725)
1945	2,875	4,700	(1,825)
1946	2,875	5,200	(2,325)
1947	2,875	5,800	(2,925)

(Red Figure)

Mr. Carmichael further stated that only \$10,000 was set up on the company's books in 1944 as the amount of the fixed capital installed. The assessor's report of Yuba County fixed assessed value of the properties for taxation purposes at \$14,240, which amount includes lands, ditches, rights of way and dams.

Mr. Clyde F. Norris, one of the Commission's engineers, presented a report in which he estimated the historical cost of the

properties of the system to be \$38,073. The depreciation annuity was \$283, computed by the 5% sinking fund method. The revenue for 1947 was \$2,875. The adjusted operating and maintenance expenses given as \$3,250, including depreciation, indicates a deficit of \$375 for 1947 operations.

The consumers questioned the fairness of the company's practice in delivering water to the lands of Frank Carmichael, without actual measurement thereof. Mr. Carmichael has used on his own ranch all water not taken under contract by the other consumers and this water used by Mr. Carmichael was not measured. Because of the few consumers and small acreage in the service area, no reservoir capacity or performance records have been kept. In order to charge Mr. Carmichael for his water service, deliveries to his lands were determined by applying a composite net on the land duty of water based upon a crop survey of the irrigated acreage. His crops are mainly different varieties of forage and pasture grasses, including alfalfa. Hereafter, applicant shall measure all water delivered to Mr. Carmichael, as well as all others and maintain a complete and continuous record thereof.

Considerable objection was entered by certain consumers to the amount of the increase requested, which they claimed to be unreasonable and excessive. Objection also was taken to high water charges when there existed considerable uncertainty in the quantities of the deliveries to the lands of Mr. Carmichael. Under past operating practices it was not possible to determine with exactitude the quantities of water delivered to Carmichael's property and consequently the actual amount of revenue which should be allocated thereto. It appears clear, however, that upon completion of the planned improvements to the dam considerably more water will be available for distribution resulting in additional revenue for the utility.

From the evidence presented, it is clear that applicant is entitled to an adjustment in rates if it is to continue in operation and be financially able to make necessary repairs and improvements.

The rates established in the following Order will be fair to both applicant and consumers under existing circumstances and will yield a gross annual revenue of about \$5,200. With the additional revenue which will be available upon completion of the reservoir improvements, the utility will be in a reasonably satisfactory earning position.

The following form of Order is recommended.

O R D E R

Application as above having been filed with the Public Utilities Commission of the State of California, a public hearing 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 the Yuba Investment Company, a corporation, in so far as they differ from the rates herein established, are unjust and unreasonable; that the rates herein established are just and reasonable rates to be charged for the service to be rendered; that the increase in rates authorized by this decision is hereby found to be justified, and, basing its Order upon the foregoing findings of fact and upon further statements of fact contained in the Opinion which precedes this Order,

IT IS HEREBY ORDERED that the Yuba Investment Company, a corporation, be and it is hereby authorized and directed to file in quadruplicate with this Commission, in conformity with the Commission's General Order No. 96, within ten (10) days from and after the effective date of this Order, the schedule of rates shown in Exhibit A appended, such rates to become effective on and after the first day of September, 1948.

IT IS HEREBY FURTHER ORDERED:

1. That Yuba Investment Company shall measure all water delivered to each and every consumer and water user and shall keep an accurate record of all such deliveries.
2. That Yuba Investment Company, a corporation, within forty (40) days from the effective date of this Order, shall file with this Commission four sets of rules and regulations governing relations with its consumers.

3. That Yuba Investment Company, a corporation, within forty (40) days from the effective date of this Order, shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, upon which shall be delineated by appropriate markings the territory presently served. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Public Utilities Commission of the State of California.

The effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 24th day of August, 1948.

R. J. Donohue
Justice F. Green
Earl H. Luce
Harold Kels
Joseph P. Potter
 Commissioners

EXHIBIT A

Schedule No. 1

APPLICABILITY

For all water service delivered for agricultural purposes.

TERRITORY

In and in the vicinity of the town of Bangor, Yuba County.

RATES

For all water delivered per miner's
inch continuous flow during irri-
gation season \$ 45.00

A miner's inch as used herein shall
be a continuous flow of water equivalent
to one-fortieth ($1/40$ th) of a cubic foot
of water per second or one and one-half
($1\frac{1}{2}$) cubic feet of water per minute.