

Decision No. 43975**ORIGINAL**

In the Matter of the Application of
 GEORGETOWN DIVIDE WATER COMPANY, LTD.,
 a corporation, to increase rates for
 water service, and for an interim
 rate pending final determination of
 this application for increase of
 rates and for permission to modify
 Applicant's filed Rules and Regu-
 lations applicable to water service.

Application No. 30550
 As Amended

T. L. Chamberlain, for applicant,
John R. Couzens, for Georgetown Public
 Utility District, and 15 protestants,
Edson Abel and Phillip G. Bruton, for
 California Farm Bureau Federation.

O P I N I O N

Georgetown Divide Water Company, Ltd., engaged in the business of diverting, storing, distributing and selling water for irrigation, industrial and mining purposes in a territory known as Georgetown Divide and for domestic purposes in the town of Georgetown, El Dorado County, asks the Commission for authority to increase its rates. The Commission is further asked to authorize applicant to modify its rules and regulations and permit it to reduce the number of consumer outlet boxes from its canals, and to discontinue water service to any consumer where applicant determines that the canal system or the outlet boxes are being operated in such a manner as to interfere with the distribution of water; that applicant be permitted to modify the length of irrigation season in order that all consumers on the system have the same irrigation period; and that applicant be granted authority to change the method and time for payment for irrigation service.

Public hearings in the proceeding were held in Georgetown before Examiner Stava.

At the original hearing of the matter an amendment to the application was made, asking that one-fifth of the seasonal charge be paid at the time application is made for irrigation service instead of one-quarter of the seasonal charge requested in the original application; that it be relieved of the responsibility of operating the Cherry Acres Ditch, which was to be conveyed to applicant, but is presently being operated by the company at the informal request of the Commission's staff; and that an annual charge be established for service to summer residents taking water from applicant's ditch above the town of Georgetown.

This system was originally constructed between 1852 and 1870 to supply water for hydraulic mining purposes, but after this industry was compelled to cease operations the property was converted into an irrigation system. The water supply is obtained largely from storage in Loon Lake Reservoir which is located at the head waters of Gerle Creek at an elevation of 6,400 feet. This reservoir is created by a masonry dam 30 feet high and approximately 360 feet long, and an earthen dyke 300 feet long. The reservoir has a capacity of 10,000 acre feet. The water is released into Gerle Creek and the natural channel is used for 11 miles. The water then is diverted and conveyed for ten miles to Pilot Creek through $7\frac{1}{2}$ miles of ditch, $2\frac{1}{2}$ miles of flumes and 300 feet of tunnel. The water then flows for eight miles in the natural channel of Pilot Creek and again is diverted and conveyed through $29\frac{1}{2}$ miles of ditch, one-half mile of flumes, 1,600 feet of tunnel and 1,000 feet of 22-inch siphon to Georgetown at an elevation of 2,600 feet. Additional water is obtained by diversion from Onion Creek and carried by $2\frac{1}{2}$ miles of ditch to Pilot Creek, and also by diversion from the Little South Fork of the Rubicon River, and transported through one mile of ditch to Gerle Creek Ditch. Applicant also owns 14 miles of a presently nonoperative ditch located between

Mutton Canyon and Pilot Creek approximately 1,000 feet lower in elevation than the existing operative ditch. The distribution system below Georgetown consists of approximately 48 miles of main ditches and 15 miles of short laterals. Distribution storage is provided by four regulating reservoirs which have a combined capacity of 33 acre feet. The elevation at the lower end of the service area is approximately 1,000 feet. At present there are 65 irrigation consumers being served and approximately 3,000 acres are being irrigated. The water is used largely for the irrigation of pear orchards, and clover pasture for stock-raising purposes.

Water for domestic and commercial purposes is supplied to 100 permanent consumers in Georgetown, through 4,670 feet of pipe lines that vary from 22 to 2½-inches in diameter. Domestic service also is furnished to 14 summer consumers who take water from the ditch above the town. All of this class of service is supplied at flat rates.

The rates at present in effect were established by the Commission in its Decision No. 7385, issued April 8, 1920, in Application No. 4990 (18 CRC 37). Water for irrigation purposes is delivered on a 24-hour continuous flow basis during the irrigation season at 25 cents per miner's inch day. For a 24-hour noncontinuous flow the rate is 30 cents per miner's inch day. Service for mining and industrial purposes varies from 20 to 30 cents per miner's inch for 24 hours, depending on whether it is delivered on a continuous or noncontinuous flow basis, and also on the time of year the water is used and duration of use. The domestic service is furnished at flat rates providing for a basic monthly charge of \$1 for a residence of four rooms or less with additional charges for various water using facilities on the premises.

The rates requested for irrigation purposes provide for a charge of \$45 per miner's inch continuous flow for the season from May 1 to September 20, with the minimum quantity limited to one miner's

inch per season. The requested rates for mining and industrial use vary from \$90 per miner's inch continuous flow for a 12-month period, to \$45 per miner's inch continuous flow during the nonirrigating season, with provisions for daily and monthly deliveries during the nonirrigating season.

The domestic rates requested provide for a basic minimum monthly charge of \$1.75 for a residence, with an additional charge of seven cents per 100 square feet for sprinkling lawns for a five months' summer season.

Witness for applicant testified that the book value of the system in 1920 was \$322,000 but that appraisal of the system in 1939 shows an estimated original cost to be \$356,000. However since applicant desires only sufficient revenue to provide maintenance and operation expenses and interest on an outstanding loan of \$9,000 the amount of fixed capital presently installed is not directly in issue for the purposes of the instant proceeding.

Witnesses for applicant and for the Commission's staff presented evidence covering recorded 1948 revenues and estimated revenues from present and proposed rates for the years 1949 and 1950 as follows:

		1949				1950			
		1948		Applicant		Comm. Staff		Applicant	
		Present		Present		Proposed		Present	
		Rates		Rates		Rates		Rates	

Revenues

Domestic	\$ 2,379	\$ 1,800	\$ 2,800	\$ 1,800	\$ 3,110	\$ 2,000	\$ 2,800	\$ 2,140	\$ 3,060
Industrial	2,777	2,150	2,565	2,500	3,000	1,750	2,085	1,900	2,300
Irrigation	21,565	19,000	23,000	19,500	25,700	21,500	26,450	20,600	25,250

\$26,720 \$22,950 \$ 28,365 \$23,800 \$ 31,810 \$25,250 \$ 31,335 \$24,640 \$ 30,610

The staff's estimate of revenues for 1949 and 1950 were based on the number of consumers and water sales set out in the following table:

Classification	1949		1950	
	No. of Consumers	Demand Miner's Inches	No. of Consumers	Demand Miner's Inches
Domestic				
Permanent	100	-	97	-
Summer Residents	14	-	15	-
Industrial	3	50	2	40
Irrigation				
Four-Month Season	34	87½	34	85
Five-Month Season	31	461½	31	460

Applicant's witness stated that the 1949 revenues were reduced approximately \$2,200, through inability to provide an adequate supply of water during the spring months caused by the heavy winter snows and slides wrecking the flumes. The revenues estimated by the company and Commission witnesses for the year 1949 are substantially the same and reflect losses in sales due to freezing conditions in the mountains and billing adjustments for short water deliveries in the spring. The estimates for 1950 reflect normal weather conditions. Both witnesses gave consideration to the fact that industrial and domestic revenues would be reduced because of the closing down of lumber mills and workers moving to other localities.

The following table shows the estimate of total maintenance and operating expenses for the years of 1949 and 1950, this latter year being considered normal for the immediate future.

1948 Actual	1949		1950	
	Applicant	Commission's Staff	Applicant	Commission's Staff
\$25,638	\$40,000	\$36,180	\$31,500	\$27,900.

The differences in estimates of maintenance and operating expenses are due to the different methods followed by the two witnesses in handling fixed capital expenditures, repairs to flumes and depreciation expense. Applicant charges all capital expenditures to expenses on the theory that a replacement of a flume or ditch structure or other capital item is maintenance charge and therefore no depreciation expense is necessary.

The lumber for this replacement or repair is furnished by the North Fork Lumber Company at actual cost of approximately \$35 per 1,000 FBM. This mill is located along the South Fork Canal and is owned by applicant's two principal stockholders. Applicant claims that obtaining lumber from this source has the advantage of delivery to the canals at a sufficient elevation to float and stock pile timbers along the flumes during the fall for spring repairs. If purchased locally the initial cost would be \$75 per 1,000 FBM plus the additional expense of hauling to the ditch bank.

The Commission staff witness showed that the flume boxes had an average life of 15 years, and therefore one-fifteenth of the 1,250 flume boxes, or 84 boxes, would normally be replaced each year. He included this item in his estimate of normal expenses. Other depreciable property included by the Commission's witness are 22 inch redwood and steel pipe siphons having a total length of 4,500 feet and five automobiles and trucks owned by the company. The estimated depreciation allowance for these properties totaled \$1,100 per year. However, no depreciation allowance had been made by the Commission's witness for buildings, other wooden structures, timber tunnel linings and upon the entire historical cost of pipe lines. The staff's depreciation expense therefore should be increased by \$1,049 to cover these items. The Commission's witness testified that fixed capital items in the sums of \$3,400 and \$8,900 had been installed for the years 1948 and 1949,

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respectively, and that these costs had been deducted from operation expense for these years. The corrections for depreciation allowance increased the estimate for normal maintenance and operation expenses to \$28,950. This exceeds the estimated 1950 revenue of \$24,640 at the present rates in effect..

It is apparent that applicant is entitled to an increase in rates, that the revenue to be derived from the proposed rates is not excessive, and therefore the schedule of rates requested will be established in the order following this opinion.

In connection with applicant's request that it be relieved of the responsibility of operating the Cherry Acres Ditch, applicant's witnesses testified that the ditch is approximately 3.25 miles long, is owned and was constructed by several consumers served by it; that presently only 2½ miles are being operated voluntarily by applicant at the informal request of the Commission's staff; that the remaining portion of the ditch is used for water distribution purposes by the consumers. There are 200 miner's inches of water being delivered from this ditch to six consumers who have 18 outlet boxes for distribution purposes. Applicant's witnesses claim that the ditch owners will not convey the ditch to applicant and that under existing service conditions the ditch tenders have serious difficulties in delivering the quantities of water applied for. This condition results in complaints of interference with flow of water in the ditch and shortages in deliveries to some of the consumers. Applicant desires to return the operation of the ditch to its owners and deliver the total quantity of water ordered by the six consumers at its Terry Hill Wye on Pilot Creek Ditch, at the head of the Cherry Acres Ditch. The consumers will thereupon assume the responsibility of distribution of the water to their properties.

Witnesses for the consumers on this ditch testified that they were willing to donate the ditch to applicant, provided the entire 3.25 miles is taken over, but applicant desires only 2½ miles of it. The

remaining portion, three-quarters of a mile in length, serves two consumers who were largely instrumental in constructing the Cherry Acres Ditch. They have refused to donate the ditch property unless applicant is willing to accept all of it. A user at the end of the ditch testified that, owing to the 3/4 mile portion of the ditch not being operated by the company, the consumers are continuously disputing over the water and interfering with the flow in the ditch, causing a shortage of delivery to this property with a consequent loss in production on his 100 acre pear orchard.

The Cherry Acres Ditch water users proposed that applicant abandon approximately 11,000 feet of its Pilot Hill Ditch which includes 9,000 feet of Knickerbocker Creek, and use 16,380 feet of Cherry Acres Ditch as a main canal by constructing 492 feet of connecting ditch. This arrangement while increasing the length of the Pilot Hill Ditch approximately 5,000 feet, would eliminate the present use of the natural channel of Knickerbocker Creek, with its attendant large transmission losses.

No detailed cost estimates were presented covering this proposed ditch which would require its enlargement in order to convey an additional 200 miner's inches of water to meet the consumer demands below this section. Since it would however require a financial outlay of several thousand dollars, the project does not appear economically feasible at this time in view of the present earning position of the utility. Under these circumstances applicant will be expected to continue to operate Cherry Acres Ditch as at present until some mutually acceptable agreement can be reached with the consumers through financial assistance or otherwise.

Concerning applicant's request for authority to reduce the number of outlet boxes used by consumers and to discontinue water service to any water user interfering with the distribution of water, witnesses for applicant testified that the 65 irrigation consumers

served have 118 outlet boxes from its ditches. The maximum number of boxes serving a single consumer was reported as nine, while 44 consumers have only one box each. These witnesses stated that consumers change the delivery of water from one box to another, and manipulate the outlet box to increase the quantity delivered and place rocks in the ditch to raise the water level in the canal. This interference with the ditch flow usually happens at night, but the tampering with boxes and ditch flow results in shortages of delivery to consumers lower down along the ditch. Applicant contends that this interference has forced it to reduce billings to the extent of approximately \$1,000 per year for short deliveries and asks that each consumer be limited to one outlet box.

Witnesses for the consumers objected to any reduction in the number of outlet boxes on the grounds that they would be compelled to construct their own field ditches, which would require an outlay estimated to be from \$100 to \$9,000. The latter sum was estimated by one water user who stated he would have to install two miles of private pipe line.

It is apparent from the record that uniform water flow in the ditches and nonfluctuating water deliveries to the consumers cannot be maintained when the flow is interfered with by individual irrigators. In fairness to applicant and the consumers, and in the interest of good service, this interference with the ditch flow and manipulation of outlet boxes should be discontinued. The most reasonable solution is to require applicant to reduce the number of outlet boxes to one delivery gate when practical or feasible and to make applicant's ditch tenders responsible for any changes in boxes or regulation of the main ditch supply. It will be necessary for applicant to exercise some judgment in this connection as the record shows that some of the property irrigated, reasonably may require more than one box. Due consideration should be given to any such unusual condition. The record

also is clear that considerable work and expense will be involved in making such transition. Sufficient time should be allowed applicant and the consumers to study the problem and locate the various water delivery boxes to the best advantage of all concerned. Under the circumstances applicant will be authorized to restrict the number of outlet boxes to one for each consumer, except where the topography of the land or other conditions make it necessary to have two or more boxes. Hereafter all changes in water deliveries and the regulation of flow in ditches are to be made only by applicant's duly authorized ditch tenders. The suggested reduction in boxes should be made during the year 1950 and be ready for operation during the season of 1951.

Consumers generally protested the service supplied by applicant during the spring of 1949. Witnesses testified that only a fraction of the quantity of water purchased was delivered during the months of June and July and was not sufficient to maintain permanent pastures for cattle. This resulted in feeders not making proper gains in weight and made it necessary to transfer the stock to distant pastures or to sell at light weights. Other witnesses stated the intermittent service during this period caused loss in pear production, as water was urgently required to size the fruit. While applicant delivered surplus water during August and September to make up for the shortages, the consumers claim that the water arrived after the damage had occurred, too late to save some pastures or to size the pears. This created a temporary loss of many acres of pasture and a permanent loss of 15,000 boxes of pears to one grower alone.

The record shows that the winter of 1948-1949 was the most severe experienced in that locality. The ditches conveying winter water to Georgetown and some of the pipe lines in the town were frozen solid by the middle of December, 1948 and it was necessary for the company to

haul domestic water for the town by tank truck until water was produced from a mine shaft by pumping and the frozen pipes thawed out. This source of supply was used until the end of March when water again became available from streams at lower elevations and could be diverted and conveyed through the ditch to the town.

The heavy snow during the winter rendered the roads impassable and filled the ditches and flumes, and it was necessary to open the roads and shovel out the ditches. Water from Pilot Creek was first made available on April 1, 1949. Above Pilot Creek it was found that the flumes were badly damaged by slides and the weight of the snow and ice, the snow being 7 to 15 feet deep at elevations above 5,000 feet. A survey indicated that out of 1,250 flume boxes, 205 were completely destroyed and 30 boxes were partially destroyed. All available stored lumber for flume maintenance was used. It was necessary to carry in additional lumber and supplies by man power for distances of $\frac{3}{4}$ of a mile. During repairs new slides took out sections of flume that had been replaced and eleven boxes were replaced three times. A full head of water finally was delivered through the transmission system to Georgetown by July 10.

The record is clear that the unusually severe winter caused more damage to applicant's flumes than could be expected normally. The heavy snowfall, high elevation and location of flume lines in the mountains made it difficult to complete the repairs within the period that would permit normal deliveries of water. This condition is one of the hazards experienced in farming in the foothill country.

No objections were made to the request that applicants for irrigation service be required to pay one-fifth of the seasonal charge when applying for service; this request, therefore, will be authorized in the following order.

There were no protests concerning the proposed charges for domestic service furnished in the town of Georgetown and for service supplied to the summer residents and under the circumstances applicant's proposed schedule of rates for these classes of service will be authorized.

Some objection was made to applicant's request to make the irrigation season uniform throughout the system as heretofore the consumers in the Georgetown area had the advantage of a four-month season, owing to the higher elevation of the territory and paid for water on a miner's inch day basis which resulted in a reduction of charges as compared to the consumers on a five-month season. The record shows that 87½ miner's inches of water were sold during 1949 on a four months' seasonal basis. However, water is transported through this territory and is available for use at all times. Apparently it is so used. Under the circumstances applicant will be permitted to modify its rules and regulations to provide for a uniform length of irrigation season through its system.

O R D E R

Georgetown Divide Water Company, Ltd., a corporation, having applied to this Commission for an order authorizing an increase in rates for water delivered for irrigation, industrial and domestic purposes, and for authority to modify its rules and regulations governing the delivery of water, a public hearing having been held thereon, the matter having been submitted for decision, and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT, that the increases in rates authorized herein are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. That Georgetown Divide Water Company, Ltd., a corporation, is authorized to file in quadruplicate with this

Commission after the effective date of this order, in conformity with this Commission's General Order No. 96, the schedule of rates shown in Exhibit A attached hereto, and, on not less than five (5) days' notice to the Commission and the public to make said rates effective for service rendered on and after the 16th day of April, 1950.

2. That Georgetown Divide Water Company, Ltd., a corporation, is authorized to modify its rules and regulations to limit the number of outlet boxes for delivery of water to its consumers to one or more boxes, depending on the consumers irrigated area and location of the company's ditches. Said rule and regulation to become effective for the 1951 irrigation season.
3. That Georgetown Divide Water Company, Ltd., a corporation, shall within sixty (60) days from the date of this order file with this Commission for its approval, four sets of revised rules and regulations governing relations with its consumers, containing among other items a uniform length of irrigation season.

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

Dated at San Francisco, California, this 21st day of March, 1950.

R. F. [Signature]
James F. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners.

Schedule No. 1

IRRIGATION SERVICE

APPLICABILITY

Applicable to all water delivered for irrigation purposes.

TERRITORY

Within the Georgetown Divide territory, but located below the town of Georgetown, El Dorado County.

RATES

	<u>Per Season</u>
For water delivered at continuous flow May 1 to September 30, inclusive, of each year, per miner's inch.....	\$45.00

SPECIAL CONDITIONS

1. Minimum quantity of water that applicant for irrigation service may purchase is one miner's inch.
2. A payment of one-fifth ($1/5$) of the irrigation charges shall accompany the application for service.

Note: A miner's inch shall be considered to be the equivalent of one-fortieth ($1/40$) of a cubic foot of water per second.

Schedule No. 2

MINING, INDUSTRIAL AND OTHER SERVICE

APPLICABILITY

Applicable to all water delivered from the company's ditch system for mining, industrial purposes, and off season irrigation service.

TERRITORY

Within the Georgetown Divide territory, El Dorado County.

RATES

For water delivered at continuous flow for a year of 12 consecutive months, per miner's inch..... \$90.00

For water delivered at continuous flow from May 1 to September 30, per miner's inch..... 45.00

For water delivered at noncontinuous flow during the non-irrigation season, per miner's inch per 24 hours..... .30

For water delivered at continuous flow during nonirrigation season, per miner's inch per month..... 7.50

SPECIAL CONDITIONS

1. The minimum quantity of water that an applicant may purchase under this schedule for continuous flow is 3 miner's inches.
2. The minimum quantity of water that an applicant may purchase under this schedule for noncontinuous flow is 5 miner's inches during the nonirrigation season.
3. A payment of one-fifth (1/5) of the charge for water applied for shall accompany the application.

Note: A miner's inch shall be considered to be the equivalent of one-fortieth (1/40) of a cubic foot of water per second.

Schedule No. 3

DOMESTIC AND COMMERCIAL SERVICEAPPLICABILITY

Applicable to all water delivered at flat rates for domestic and commercial purposes.

TERRITORY

In and in the vicinity of the town of Georgetown, El Dorado County.

RATES

	<u>Per Month</u>
1. For each residence, per family.....	\$1.75
2. Minimum monthly charge for sprinkling or irrigation of lawns, shrubbery, trees, gardens, payable during irrigation season of five months, May to September inclusive, including the irrigation 700 square feet.....	.50
3. For the irrigation of an area in excess of 700 square feet during the five-month season May to September inclusive, per 100 square feet.....	.07
4. Grocery stores, theaters, butcher shops, lumber yards, cafes, soda fountains, garages, saloons.....	2.00
5. Professional offices, fraternal halls, churches, plumbing shops and stores, shops and offices not otherwise listed....	1.50
6. Hotels.....	5.00
7. Saloon and cafe combined.....	3.00
8. Living rooms in connection with stores or shops in addition to store rate.....	1.00
9. Public schools for continuous service.....	4.00
10. Fire hydrant connection, privately owned or by fire district, with limited service as available, per connection.....	2.00

Schedule No. 4

SEASONAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all summer residential flat service for untreated water from the company's ditch.

TERRITORY

Along the company's ditch above the town of Georgetown, El Dorado County.

RATES

Per Season

For six months' summer service

For each residence desiring service for this period
or any portion thereof..... \$10.00

SPECIAL CONDITIONS

1. The above seasonal flat rate charge is payable in advance.