

Decision No. 45206

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of SUTTER-BUTTE CANAL CO. to sell  
to SUTTER EXTENSION WATER DISTRICT,  
and of latter to buy certain  
property of SUTTER-BUTTE CANAL CO.

Application No. 31931

Brobeck, Phleger and Harrison, by R. L. Miller,  
for Sutter-Butte Canal Co.; V. G. Vanderford,  
President, for Sutter Extension Water District;  
Edson Abel, for California Farm Bureau Federation.

O P I N I O N

Sutter-Butte Canal Co., a corporation, engaged in the business of diverting, distributing, and selling water for agricultural purposes in Butte and Sutter Counties, requests authority to sell a portion of its water rights and distribution system to Sutter Extension Water District, a public corporation, which joins in the request.

A public hearing in this proceeding was held at Gridley. There were no protests to the proposed transfer.

The evidence shows that Sutter Extension Water District is a public corporation organized under the California Water District Act (Deering's General Laws, Act 9125); that on November 27, 1950, the District voted a revenue bond issue of \$400,000 to finance the acquisition and construction of property and facilities necessary to supply lands in the District with irrigation water, said bonds to be secured by a first lien on the revenues of the District derived from the sale or use of water; that the company has agreed to sell, and the District to purchase, for the sum of \$380,000, 19% of the Company's

gravity water diversion rights in the Feather River; all of the Sunset Pumping Plant, the plant site, and pumping rights in the Feather River pertaining thereto; an undivided 19% interest in the diversion works and in a portion of the Company's Main Canal, together with proportional interests, ranging from 45% to 100%, in the Main Canal from the head of Biggs Extension Canal to the end of the Main Sutter Extension Canal in the southern portion of the District; 39 laterals, and miscellaneous property of the Company lying within the District and used by the Company in its public utility water business. All these properties are more fully described in Exhibit "A" attached to the application.

The area within the exterior boundaries of the District includes approximately 22,000 acres. Some 20 parcels, totaling about 2,100 acres lying within the exterior boundaries as shown on a map of the District in evidence, have been excluded, either because they had not received service for several years due to their elevation or soil condition, or because their owners have developed supplies of pumped water.<sup>1/</sup> Pursuant to an operating agreement between the Company and the District, under which the Company will retain control of the operation and maintenance of the dam and diversion works at the head of the Company's Main Canal, and also will control, operate, and maintain other facilities, the District is to assume the Company's obligation to serve those who may be entitled to receive water in this excluded area at a price not to exceed the price paid

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<sup>1/</sup> Two parcels, totaling 57 acres, were inadvertently shown on the map of the District as lying outside its boundaries, although their owners had elected to be included in the District. The President of the District, who testified at the hearing, indicated that appropriate steps would be taken to correct the error.

by land within the District for similar service (including water tolls, standby charges, and assessments) plus a 10% surcharge.

Aside from the two parcels of land inadvertently shown as lying outside the exterior boundaries of the District, there are five other parcels lying outside the District's boundaries, totaling approximately 300 acres, which have been irrigated at one time or another, including 222 acres now being irrigated by pumped water. It is provided in the operating agreement, mentioned above, that the District will assume the Company's service obligations with respect to these outside lands, charging not more than the rates then in effect and approved by the Commission.

A total of 18,728 acres of land within the District has been irrigated at one time or another and there are about 500 additional acres susceptible to irrigation if leveled. During the past five years, the average number of acres irrigated within the District has included 5,693 acres of rice, 971 acres of ladino clover, and 1,786 acres of other crops. During the same five-year period, the average acreage of crops irrigated on the remainder of the Company's system has included 2,526 acres of rice, 2,972 acres of ladino clover, and 10,118 acres of other crops, principally orchards.

During the five years last past, the Company's average annual diversions of water from the natural flow of the Feather River have amounted to 453,768 acre feet. Of this total average amount of diverted water, Richvale Irrigation District has received 120,929 acre feet, or 26.65%, Biggs-West Gridley Water District 127,055 acre feet, or 28%, and Sutter Extension Water District 86,216 acre feet, or 19%. There is thus available for the remainder of the Company's system 119,568 acre feet of diverted water, or 26.35%, which, together with other water to which the Company may be entitled, is a fair

amount for the use of the remaining part of the system, according to the opinion expressed by E. A. Julian, the Company's President and Managing Director. He also stated that he believed the water being sold to the District represented a fair and equitable proportion to which the District would be entitled by reason of prior use.

In view of the fact that this transfer contemplates the joint operation and control of a minor part of a canal system by a public utility and an irrigation district over which latter body this Commission has not been given jurisdiction or control, it is clear that in order to protect the interests of the remaining public utility consumers there should be made available to the Commission, should the necessity therefor arise, access to so much of the District's records, books and accounts as may reasonably be considered to affect the operations, maintenance, and depreciation, and the reconstruction or replacement, of any or all such jointly owned or used facilities. The President of the District stated he believed there would be no objection to giving the Commission access to these records.

The transfer of the portions of the Company's properties will require an adjustment of its books and accounts to reflect the withdrawal from capital. The following order will provide for the filing of copies of each and every book entry recording the sale of said properties.

Based upon the record in this proceeding, we conclude that the requested transfer of properties will not be adverse to the

public interest and it will therefore be authorized. The action taken herein, however, shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

Sutter-Butte Canal Co., a corporation, having applied to this Commission for authority to transfer a portion of its properties to the Sutter Extension Water District, which joins in the application, public hearing having been held thereon, the matter having been submitted and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that Sutter-Butte Canal Co., a corporation, be and it is hereby authorized to transfer to Sutter Extension Water District, a public corporation, for the sum of \$380,000, those certain portions of its public utility properties, water rights and other interests more particularly described in Exhibit "A" attached to the application and by this reference made a part hereof, subject, however, to the following conditions:

1. Within sixty (60) days after the execution of a deed transferring the aforesaid properties to the Sutter Extension Water District, Sutter-Butte Canal Co. shall file with the Public Utilities Commission of the State of California a certified copy of such deed.

2. Sutter-Butte Canal Co. shall; within sixty (60) days after the sale of said properties, file with this Commission a statement showing the date when it ceased to deliver water to the area within the boundaries of the Sutter Extension Water District.
3. Sutter-Butte Canal Co. shall file with this Commission, within sixty (60) days after the date of the sale of said properties, a copy of each and every book entry recording the sale thereof.
4. On or before the date of actual transfer, Sutter-Butte Canal Co. shall refund all deposits which customers are entitled to have refunded; and any unrefunded deposits shall be transferred to and become the obligation of Sutter Extension Water District.

The authority herein granted will be effective upon the date hereof.

Dated at San Francisco, California, this 28<sup>th</sup> day of December, 1950.

R. F. Dindora  
Justin F. Casner  
Shastan

Kenneth Patten  
Commissioners.