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ORIGINAL

Decision No. 46612

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SUTTER BUTTE CANAL Co., a corporation,)	Application No. 32199,
for an order for an overall increase)	as amended
in all rates and for a change of rules)	
and regulations.)	

Seth Millington, for applicant;
Harold Neeland and Edson Abel, for
 California Farm Bureau Federation
 and Butte County Farm Bureau, protestants;
Howard Harter, for Harter Packing Co.,
 interested party.

O P I N I O N

Sutter Butte Canal Co., a public utility engaged in the business of furnishing water for irrigation purposes in the southern portion of Butte County and the northern portion of Sutter County, requests an increase of at least 33-1/3% in its present rates, established in 1947 (Decision No. 40254, Application No. 27950), for irrigation water service. The utility also asks permission to amend its Rule No. 2 so as to give it the discretionary right to refuse further service to lands that have not been irrigated for five or more years. In addition, the company requests that rates for irrigation of ladino and similar clovers, as set forth in Part C of Schedule No. 1, Flat Rates (Exhibit A, Decision No. 40254), be extended so as to apply to irrigation not only of such crops but also of other grasses for which the consumers request approximately the same frequency of service.

The original application was filed on March 12, 1951. On August 11, 1951, before the application could be heard, the company

filed an amended pleading in which it alleged an estimated loss of over \$20,000 for the 1951 season and requested an interim increase of 33-1/3% in all rates retroactive to January 1, 1951. The relief sought by that amendment, however, must be denied, since the Public Utilities Code does not empower the Commission to make rates, even though found to be just and reasonable, retroactive.

Public hearings were held in this proceeding at Gridley before Examiner Gregory. Data developed through company and Commission staff exhibits for the years 1947-1951 bring up to date the studies made of this system covering the period 1930-1946 which were included in the 1947 rate case and fully discussed in the previous decision. The company now asserts, and the record shows, that the rates there authorized are no longer adequate because of increased operating costs ranging from 30% to more than 75% higher, in some instances, than in 1947.

In addition to the properties previously sold to the Richvale Irrigation District and to the Biggs-West Gridley Water District, the Sutter Butte Canal Co., on January 3, 1951, sold to the Sutter Extension Water District its Sunset Pumping Plant, portions of its transmission and distribution systems and an interest in its diversion dam, water rights and certain canals, for the sum of \$360,000. (Decision No. 45206, Application No. 31931.) The total service area transferred to the district was about 22,000 acres, of which some 2,100 acres were excluded either because they had not received service for several years or because their owners had developed supplies of pumped water. The remaining territory served by the company amounts to about 58,000 acres, some small portions of which lie beyond the various district areas and are irrigated with water transmitted through them pursuant to operating agreements between the company and the several districts. The company, following the sale

to the Sutter Extension Water District, retains a 26.35% interest in its water right entitlements,^{1/} a 24.35% interest in the diversion works and various proportional interests in certain canals, some of which are jointly used, located outside the boundaries of the several districts. Both the company and the Commission's engineer have given effect to the transfer to the Sutter Extension Water District in computing rate base figures and rates of return based on the requested increase in water service rates.

Detailed operating results, recorded for 1947-1950 and estimated for 1951, at present and proposed rates, were placed in evidence by the company and an engineer of the Commission's staff. The engineer calculated rates of return by the straight-line method, using average depreciated rate bases, since the company includes straight-line depreciation in its recorded expenses. The company used an undepreciated rate base, adjusted to reflect the sale of a portion of its properties to the Sutter Extension Water District and capital additions, amounting to \$7,685, installed in 1951.

The company also included in its exhibit a deduction of 2% from gross revenues for uncollectible bills, whereas the Commission engineer used a factor of 1.3% as an operating expense for that item. As the record shows that credits of 2% to the company's reserve fund for uncollectibles have been more than adequate and that an average credit of 1.3% for the past 10 years would have been sufficient, we are disposed to accept the latter figure as a reasonable one to be allowed.

^{1/} During the past several years the utility's water right entitlements to a portion of the normal flow of the Feather River have not been sufficient to meet the entire demands of the company and the several districts. Additional quantities of water, varying from year to year, have been purchased by the company and the districts from Pacific Gas and Electric Company at the rate of 75 cents per acre-foot. The annual cost of purchased water for use in the company's remaining service area is estimated at about \$8,600.

The following table summarizes the results of operation for 1951, under present and requested rates, as shown in the studies placed in the record by the company and the Commission's engineer:

Classification	1951			
	Sutter Butte Canal Co. Rates		Commission Staff-Adjusted Rates	
	Present	Proposed	Present	Proposed
Operating Revenues	\$115,020	\$153,346	\$117,367	\$156,489
Operating Expenses	132,359	138,473	130,325	137,999
Net Operating Revenues	(17,339)	14,873	(12,958)	18,490
Rate Bases	574,439 ^a	574,439 ^a	462,402 ^b	462,402 ^b
Rate of Return	-	2.6%	-	4.00%

(Red Figure)

- a. Undepreciated.
- b. Average depreciated, 1950-1951.

In the rate schedules established by Decision No. 40254, Part C of Schedule No. 1, Flat Rates, set forth the charges "For Irrigation of Ladino and Similar Clovers." In the present proceeding, applicant has asked that this portion of the schedule be made applicable "For Irrigation of Ladino and Similar Clovers, or Grasses for which the Consumer Requests Approximately the Same Frequency of Irrigation." The explanation given by applicant for this request was that certain landowners irrigate pastures growing various grasses but in which there may be no clover of any kind and that these landowners then contend that they should be charged at the rates for "Other General Crops" instead of the rates for "Ladino and Similar Clovers". The applicant testified that it had not insisted on charging the higher rate affecting these landowners, whose irrigated grass lands aggregate some 300 to 400 acres, and had consequently suffered a corresponding loss in yearly revenue. In equity to other consumers who pay the higher rate applicable to ladino clover, the caption of the appropriate section of the rate schedule authorized herein will be amended to include all lands requiring approximately the same water service as irrigated ladino clover pastures.

Applicant has also requested permission to amend its Rule No. 2 by revising the title and by adding a further subparagraph. It is proposed to change the title by adding two words at the end to make it read "Renewal or Discontinuance of Application for Service". The amended subparagraph proposed to be added to the present rule is as follows:

(e) In cases where lands served water for irrigation by the Company in the past, have not been irrigated with water served by the Company for five or more years last past, the Company shall have the right, at its discretion, to refuse any further service or irrigation water to such lands.

No opposition to this request was presented and since it appears reasonable, the order herein will authorize the applicant to revise its rule accordingly.

It is clear from this record that applicant needs additional revenues with which to meet increased costs of operation, including taxes, on its remaining system, despite the fact that its service area has been further reduced by the sale to the Sutter Extension Water District and certain obligations with respect to supervision and maintenance of those properties may thereby have ceased. The rates hereinafter authorized, had they been in effect for the 1951 season, have been computed to produce a rate of return of about 4%, using an average depreciated rate base of \$462,402. The rates have been rounded to the nearest 5 cents to facilitate bookkeeping.

O R D E R

Sutter Butte Canal Co., a corporation, having applied to this Commission for an order authorizing increases in its rates and charges and amending certain rules and regulations, a public hearing having been held, the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges and the amendments of rules and regulations authorized herein are justified and that the existing rates, rules and regulations, in so far as they differ from those herein prescribed, are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED AS FOLLOWS:

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedule of rates shown in Exhibit A attached hereto and, after not less than five (5) days' notice to the Commission and the public, to make said rates effective for all service rendered commencing with the 1952 irrigation season.
2. Applicant is authorized to file, within twenty (20) days from the effective date of this order, a revision of Rule No. 2 of its presently filed Rules and Regulations, to make it read substantially as shown on Exhibit B attached hereto and to make said rule effective commencing with the 1952 irrigation season.
3. Applicant, within twenty (20) days from the effective date of this order, shall file with this Commission four copies of a suitable map or sketch drawn to an indicated scale upon a sheet folded to 8½ x 11 inches in size, delineating thereupon by distinctive markings the boundary of applicant's present service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service, or portion thereof.
4. Applicant, within forty (40) days after the effective date of this order, shall file four copies of a comprehensive map drawn to an indicated scale of not less than

400 feet to the inch, delineating by appropriate markings the various tracts of land and territory served and the location of various properties of applicant.

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

Dated at San Francisco, California, this 3rd day of

January, 1952.

[Signature]
President.

Justus J. Cassen
Harold Hula

[Signature]
[Signature]
Commissioners.

EXHIBIT A
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Schedule No. 1

FLAT RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation service rendered at flat rates.

TERRITORY

Within the entire area served by the company.

RATES

A - FOR IRRIGATION OF RICE

Service Charge:

\$2.00 per acre per year for contract period, first yearly payment payable at time of application and subsequent payments payable on or before February 1st of succeeding years.

Additional Charges for Water Delivered:

\$3.35 per acre, plus \$1.00 per acre where water is pumped, payable on or before February 1st, plus

\$10.00 per acre, plus \$1.00 per acre where water is pumped, payable on or before July 1st.

Special Conditions:

1. Water users are entitled, under the service charge payment on years where rice is not irrigated, to one flooding for purposes of sprouting water grass or weeds, or for plowing; provided, that where water is pumped, a further charge of 40 cents per acre-foot will be added. Additional charges for this purpose will be on the basis of \$1.00 per acre plus 40 cents per acre-foot where water is pumped for second and each subsequent flooding.
2. Application for water for summer plowing or sprouting water grass and weeds will not cause a renewal or extension of the three-year contract.

(Continued on next sheet)

EXHIBIT A
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Schedule No. 1 (Continued)

FLAT RATE IRRIGATION SERVICE

RATES (Continued)

B - FOR IRRIGATION OF GRAIN (OTHER THAN RICE)

(Including irrigation for double cropping such as for beans or similar crops).

Service Charge:

\$2.00 per acre per year for contract period, first yearly payment payable at time of application and subsequent payments payable on or before February 1st of succeeding years, which entitle consumer to two irrigations for the grain crop only, plus additional charge of 40 cents per acre-foot where water is pumped.

Additional Charges for Water Delivered:

\$2.00 per acre for each subsequent irrigation during continuance of service for the purpose of the second cropping, plus 40 cents per acre-foot where water is pumped, payable before each irrigation.

C - FOR IRRIGATION OF ALFALFA

Service Charge:

\$2.00 per acre per year for contract period, first yearly payment payable at time of application and subsequent payments payable on or before February 1st of succeeding years.

Additional Charges for Water Delivered:

\$1.35 per acre, plus 65 cents per acre where water is pumped, payable on or before February 1st, plus

\$3.35 per acre, plus 65 cents per acre where water is pumped, payable on or before July 1st.

(Continued on next sheet)

EXHIBIT A
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Schedule No. 1 (Continued)

FLAT RATE IRRIGATION SERVICE

RATES (Continued)

D - FOR IRRIGATION OF LADINO AND SIMILAR CLOVERS
OR GRASSES FOR WHICH THE CONSUMER REQUESTS
APPROXIMATELY THE SAME FREQUENCY OF IRRIGATION

Service Charge:

\$2.00 per acre per year for contract period, first yearly payment payable at time of application and subsequent payments payable on or before February 1st of succeeding years.

Additional Charges for Water Delivered:

1. Applicable to all new plantings where land is not properly leveled and checked for irrigation of this crop and also on all new or old fields last planted to rice and where land has not been properly leveled and re-checked for irrigation of Ladino and similar clovers, or grasses.

\$2.35 per acre, plus 80 cents per acre where water is pumped, payable on or before February 1st, plus

\$7.65 per acre, plus 80 cents per acre where water is pumped, payable on or before July 1st.
2. Applicable to all existing fields and to all new plantings, where land has been properly leveled and checked for the irrigation of Ladino and similar clovers, or grasses, in accordance with good practice as recommended by qualified farm advisers.

\$1.65 per acre, plus 65 cents per acre where water is pumped, payable on or before February 1st, plus

\$4.00 per acre, plus 65 cents per acre where water is pumped, payable on or before July 1st.

(Continued on next sheet)

EXHIBIT A
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Schedule No. 1 (Continued)

FLAT RATE IRRIGATION SERVICE

RATES (Continued)

E - FOR IRRIGATION OF ORCHARDS, VINEYARDS
AND OTHER GENERAL CROPS

Service Charge:

\$2.00 per acre per year for contract period, first yearly payment payable at time of application and subsequent payments payable on or before February 1st of succeeding years.

Additional Charges for Water Delivered:

\$1.00 per acre, plus 60 cents per acre where water is pumped, payable on or before February 1st, plus

\$3.35 per acre, plus 60 cents per acre where water is pumped, payable on or before July 1st.

SPECIAL CONDITIONS

This rate schedule is applicable where the water user signs a three-year contract for service, which shall be renewed or extended with each seasonal application for water service. Application for water for irrigation must be made on forms supplied by the company, in accordance with its rules and regulations.

Prepayment Discount on Service Charge:

For tenant water users not leasing land for more than one year and/or where guarantors satisfactory to the company are not obtained, or where landowners or tenants desire to avail themselves of the discounts, the second and third years' service charge will be subject to the following discounts, if paid on or before February 1st of the first year of any three-year contract period:

	Per Acre Per Year		
	<u>Gross Charge</u>	<u>Discount</u>	<u>Net Charge</u>
Second-year charge	\$2.00	\$0.20	\$1.80
Third-year charge	2.00	0.40	1.60
	<u>\$4.00</u>	<u>\$0.60</u>	<u>\$3.40</u>

EXHIBIT A
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Schedule No. 2

MEASURED RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation service rendered at measured rates.

TERRITORY

Within the entire area served by the company.

RATES

F - FOR IRRIGATION OF RICE

Service Charge:

2.00 per acre per year for contract period, - first yearly payment payable at time of application and subsequent payments payable on or before February 1st of succeeding years.

Additional Charges for Water Delivered:

3.35 per acre for 3 acre feet or less per acre, plus 40 cents per acre-foot if water is pumped, payable on or before February 1st, plus

\$2.00 per acre-foot, plus 40 cents per acre-foot if water is pumped, for water used in excess of 3 acre feet per acre, same to be paid at the end of the month of use.

Special Conditions:

1. Water users are entitled, under the service charge payment on years where rice is not irrigated, to one flooding for purposes of sprouting water grass or weeds, or for plowing; provided, that where water is pumped, a further charge of 40 cents per acre-foot will be added. Additional charges for this purpose will be on the basis of \$1.00 per acre plus 40 cents per acre-foot where water is pumped for second and each subsequent flooding.
2. Application for water for summer plowing or sprouting water grass and weeds will not cause a renewal or extension of the three-year contract.

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Schedule No. 2 (Continued)

MEASURED RATE IRRIGATION SERVICE

RATES (Continued)

G - FOR IRRIGATION OF GRAIN (OTHER THAN RICE)

(Including irrigation for double cropping such as for beans or similar crops).

Charges for this service according to the flat rates indicated in Schedule No. 1.

H - FOR IRRIGATION OF LADINO AND SIMILAR CLOVERS,
GRASSES, ALFALFA, ORCHARDS, VINEYARDS, AND OTHER GENERAL CROPS

Service Charge:

\$2.00 per acre per year for contract period, first yearly payment payable at time of application and subsequent payments payable on or before February 1st of succeeding years.

Additional Charges for Water Delivered:

\$2.35 per acre for $1\frac{1}{2}$ acre feet or less per acre, plus 40 cents per acre-foot if water is pumped, payable on or before February 1st, plus

\$2.00 per acre-foot, plus 40 cents per acre-foot if water is pumped, for water used in excess of $1\frac{1}{2}$ acre feet per acre, same to be paid at the end of the month of use.

(Continued on next sheet)

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Schedule No. 2 (Continued)

MEASURED RATE IRRIGATION SERVICE

SPECIAL CONDITIONS

This rate schedule is applicable where water user signs three-year contract for service, which shall be renewed or extended with each seasonal application for water service. Application for water for irrigation must be made on forms supplied by the company, in accordance with its rules and regulations.

Prepayment Discount on Service Charge:

For tenant water users not leasing land for more than one year and/or where guarantors satisfactory to the company are not obtained, or where landlords or tenants desire to avail themselves of the discounts, the second and third years' service charge will be subject to the following discounts if paid on or before February 1st of the first year of any three-year contract period:

	Per Acre Per Year		
	<u>Gross Charge</u>	<u>Discount</u>	<u>Net Charge</u>
Second-year charge	\$2.00	Ⓢ 0.20	Ⓢ 1.80
Third-year charge	<u>2.00</u>	<u>0.40</u>	<u>1.60</u>
	4.00	0.60	3.40

EXHIBIT "B"

Rule No. 2

RENEWAL OR DISCONTINUANCE OF APPLICATION FOR SERVICE

(a) Except as provided herein, under paragraph (c), each applicant, as referred to in Rule No. 1, who desires service to him to be continued, must renew his application and agreement on or before February 1st of each year for a total of three (3) years. Failure to renew by February 1st will place applicant in the position of not being entitled to water for irrigation purposes.

(b) If the application for service is not renewed on or before February 1st, as required by paragraph (a) herein, and regardless of whether notice to discontinue is or is not filed, applicant shall be obligated to pay to the company on February 1st of each of the two succeeding years the service charge on the land mentioned or described in his last application and agreement, unless same has been prepaid as provided in the Schedule of Rates and Charges.

(c) Users of water service other than for rice may provide in their application for continuous service from year to year until notice of discontinuance or change is given, in which case renewal will not be required each year.

(d) Application for water under any schedule for purposes of plowing, or for sprouting water grass and weeds shall not require any renewal of agreement.

(e) In cases where lands served by the company with water for irrigation in the past have not been irrigated with water served by the company for five or more years last past, the company shall have the right, at its discretion, to refuse any further service of irrigation water to such lands.