

ORIGINAL

Decision No. 46663

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
FARMERS IRRIGATION COMPANY,)
a corporation,)
for an order establishing minimum)
rates for delivery of water.)

Application No. 32709
(Amended)

E. Perry Churchill, attorney, for applicant;
Karl S. Taylor, consumer, interested party;
James F. Wilson, for the Commission staff.

O P I N I O N

Farmers Irrigation Company, by the above-entitled application filed August 30, 1951, requests the Commission to issue an order establishing minimum rates for delivery of irrigation water to (a) its regular irrigation consumers, and (b) its consumers of water for nonirrigation use, throughout an area in and in the vicinity of the City of Santa Paula, Ventura County. The application was amended at the hearing to request a different schedule of minimum charges for delivery of water for nonirrigation use than originally applied for.

A public hearing in this matter was held before Examiner Warner on December 12, 1951, at Santa Paula, California, at which time and place the matter was submitted.

Farmers Irrigation Company is a California corporation, organized in 1918 to supply irrigation water throughout an area comprising approximately 5,093 acres in the Santa Clara Valley lying north of the Santa Clara River and extending west from the City of Santa Paula for a distance of approximately 8 miles.

A map filed at the hearing as Exhibit No. 1 shows applicant's service area, roughly, and indicates its irrigation facilities therein. Such facilities comprise a series of wells and pumping plants which discharge into 24-inch, 27-inch, and 36-inch concrete pipe lines traversing the area from east to west from which 94 consumers take irrigation water for citrus groves and other agricultural purposes. Water for nonirrigation purposes is taken by Aliso Canyon Mutual Water Company at established rates, and small amounts of water for nonirrigation purposes are taken for watering stock and filling spray rigs.

Applicant's presently filed metered rate schedule filed April 22, 1931, provides for a charge of 22 cents per miner's inch day for all irrigation use; the miner's inch is considered therein to be equivalent to flow at the rate of one-fiftieth ($1/50$ th) of a cubic foot per second. No minimum charges are included.

Vern M. Freeman, General Manager, testified that applicant's system was originally constructed to serve large acreages, but that in recent years, due to changes in ownership and the subdivision of some tracts into $1/2$ and 1-acre parcels, the methods of irrigation had changed. Formerly, irrigation was performed according to the calendar, but, recently, the need for irrigation has been determined by the moisture content of soil as determined by soil laboratories.

Irrigation water service is furnished by applicant "on demand". Applicant has order forms in its main office; customers telephone their orders for water or place them verbally. Irrigation water service is ordered for a certain property on a certain date and ditch tender endeavors to deliver water on the date requested. The ditch tender goes by truck to the property and

opens the irrigation gates. If property to be irrigated is located off the main transmission line, the ditch tender goes to said transmission line to turn water into laterals. This may require one or more adjustments and requires the recording of readings of the amount of water delivered. Further, it may also be necessary for the ditch tender to start the pumps at a pumping plant in order to effect the proper amount of delivery.

During the first 11 months of 1951, a total of 8,890 acre feet of water on 680 individual orders was delivered. Of the total orders, 85 were for sales which amounted to less than \$2.50 per 24-hour day, or any portion of 24-hour day. This number of orders represented 12½% of the total orders for the period. The water sales on the 85 orders amounted to 21.4 acre feet or .024% of total water delivered.

Minimum Charge for Irrigation Use

Applicant's witness testified, and supported his testimony by the filing at the hearing of Exhibit No. 6, that the estimated cost of \$2.50 worth of water for irrigation use at 22 cents per miner's inch day was \$2.37, not including pumping plant repairs, repairs to transmission and distribution mains, general expense, engineering expense, insurance and taxes.

Applicant requests that a minimum charge for irrigation use of \$2.50 per 24-hour day, or any portion of 24-hour day, be established in its rate schedules to cover the cost of deliveries of minimum amounts of water.

Minimum Charge for Nonirrigation Use

With respect to the request for the establishment of a minimum charge for sales of water for nonirrigation use, applicant's witness testified that the only such sales in quantity were those made to Aliso Canyon Mutual Water Company which, at times, requested

delivery of water when the transmission lines were dry and there was no irrigation water demand. In order to effect deliveries to the mutual water company, it may be necessary for applicant to start its pumps, fill its transmission line, read its meter and perform certain office work in connection with the recording of the sales, at a cost, as shown in Exhibit No. 7 filed at the hearing, of \$5.65, not including pumping plant repairs, repairs to transmission and distribution mains, general expense, engineering expense, insurance and taxes.

Applicant requests in its amended application that a minimum charge of \$4.50 per month, plus the cost of the water delivered for nonirrigation uses at times when there is no irrigation demand, be established.

A schedule of charges to Aliso Canyon Mutual Water Company for water delivered for nonirrigation use during the years 1949, 1950, and 1951 through November was submitted at the hearing as Exhibit No. 8 and shows a total charge of \$61.40 during 1951, through November, including an extra charge of \$2.50 from time to time totaling \$12.50. Applicant's witness testified that there had been no objection by the mutual water company to such extra charge.

No objection to the application as amended was entered by any party at the hearing.

The Commission staff's engineering witness testified that the net effect on applicant's total operating revenues, which amount to approximately \$40,000 per year, would be an increase in such total revenues of about \$100 per year if applicant's request for the establishment of the two types of minimum charges as contained in the application and as amended at the hearing were granted.

Exhibit A attached to the application shows, as of December 31, 1950, fixed capital of \$457,737, and a reserve for accrued depreciation of \$203,866. The operating revenues for the year 1950 totaled \$39,529. Operating expenses, depreciation and taxes totaled \$35,437, resulting in a net revenue of \$4,092 for the year 1950, a substantial decline from the net revenue of \$9,690 recorded in 1949. The reported capital includes intangible capital of \$76,941. The 1950 earnings produced a return of 2.3%, considering only the depreciated cost as reported for tangible properties of \$176,930.

In view of the minor effect on applicant's earnings of the establishment of the proposed minimum charges and after considering the evidence with respect to the minimum costs of rendering irrigation and nonirrigation service, applicant's requests as applied for as amended will be granted by the order herein.

O R D E R

Farmers Irrigation Company, a corporation, having applied to the Commission for an order authorizing the establishment of (a) a minimum charge for delivery of water for irrigation purposes of \$2.50 per 24-hour day, or any portion of 24-hour day, and (b) a minimum charge of \$4.50 per 24-hour day, or any portion of 24-hour day, plus the cost of water delivered, for nonirrigation uses at times when there is no irrigation water demand, a public hearing having been held, the matter having been submitted and now being ready for decision,

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

EXHIBIT A

Schedule No. 1

IRRIGATION AND NONIRRIGATION METERED SERVICE

APPLICABILITY

Applicable to all measured irrigation and nonirrigation water service.

TERRITORY

Throughout the authorized service area in and about the City of Santa Paula, Ventura County.

RATES

Quantity Rate:

For all irrigation and nonirrigation use, per miner's inch day. \$0.22

Minimum Charge:

- 1. For irrigation use, per 24-hour day or any portion of 24-hour day. 2.50
- 2. For nonirrigation use, per 24-hour day or any portion of 24-hour day, at times when there is no irrigation water demand 4.50 plus cost of water used @ \$0.22 per miner's inch day.

The miner's inch herein shall be considered to be equivalent to flow at the rate of one-fiftieth (1-50th) of a cubic foot per second.

The Minimum Charge for irrigation use will entitle the irrigation consumer to the quantity of water which the minimum charge will purchase at the Quantity Rate.

IT IS HEREBY ORDERED that 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, a schedule of rates shown in Exhibit A attached hereto and on not less than five (5) days' notice to the Commission and to the public to make said rates effective for service on and after March 1, 1952.

IT IS HEREBY FURTHER ORDERED that applicant, within sixty (60) days from the effective date of this order, shall file with this Commission four (4) sets of rules and regulations governing customer relations, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon 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 any portion thereof.

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

Dated at San Francisco, California, this 22nd day of January, 1952.

Ch. F. [Signature]
 Resident.

Justice F. [Signature]

Harold A. [Signature]

Peter E. [Signature]

 Commissioners.

Commissioner Kenneth Potter, being necessarily absent, did not participate in the disposition of this proceeding.