

Decision No. 51034**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SUTTER BUTTE CANAL CO., a cor-) Application No. 35069
poration, for an order for an)
overall increase in all rates.)

Seth Millington, for Sutter Butte Canal Co.
Raymond A. Leonard, for eleven water users;
Howard H. Harter, for Harter Packing Company,
protestants.
Edson Abel, for California Farm Bureau Federa-
tion, interested party.
W. R. Roche, for the Commission staff.

O P I N I O N

By the above-entitled application, filed January 19,
1954, Sutter Butte Canal Co., a corporation, seeks an order of this
Commission authorizing increases in rates for irrigation water service
rendered in Sutter and Butte Counties.

A public hearing in the matter was held before Examiner
F. Everett Emerson on December 9, 1954 at Gridley.

Rates, Present and Proposed

Applicant's present rates consist of two schedules, one
for flat rate and one for measured irrigation service, in each of
which approximately 25 charges or combinations of charges are set
forth. The basic rates, by major classifications, compared with
those which applicant now proposes are shown in the following
tabulation.

Rate Comparison

<u>Classification</u>	<u>Present Rate</u> (per Acre)	<u>Proposed Rate</u> (per acre)
<u>Rice</u>		
Flat Rate, Pumped Delivery	\$17.35	\$20.25
Flat Rate, Gravity Delivery	15.35	17.25
Meter Rate Minimum	5.35	6.50
<u>Diversified Crops</u>		
Ladino Clover, Flat Rate	7.65	9.25
Alfalfa, Flat Rate	6.70	8.25
<u>Other Crops</u>		
Flat Rate	6.35	8.00

On the basis of 1954 operations, applicant's proposed rates would produce a gross revenue increase of approximately \$27,650. Applicant's present rates were authorized by this Commission's Decision No. 46612 in Application No. 32199, issued January 3, 1952.

Applicant's Earnings

Applicant avers that since the date when present rates were authorized all of its operating expenses have increased with the result that its earnings are now inadequate.

Evidence respecting the results of applicant's operations was presented by applicant's secretary and by an engineer of the Commission staff. A summary of these presentations is as follows:

Summary of Earnings

Year 1953 - Present Rates

Item	Applicant	CPUC Staff (Adjusted)
Operating Revenues	\$133,598	\$133,598
Operating Expenses		
Before Taxes and Depreciation	96,524	95,689
Taxes	14,265	14,822
Depreciation	12,833	12,556
Total Operating Expenses	123,622	123,067
Net Revenue	9,976	10,531
Rate Base	465,486	459,239
Rate of Return	2.14%	2.29%

Year 1954

Item	Applicant		CPUC Staff	
	Pres. Rates	Pro. Rates	Pres. Rates	Pro. Rates
Operating Revenues	\$134,617	\$162,269	\$134,617	\$161,593
Operating Expenses				
Before Taxes and Depr.	96,532	96,891	103,091	103,361
Taxes	14,909	27,336	12,163	23,135
Depreciation	12,960	12,960	12,770	12,770
Total Oper. Exps.	124,401	137,187	128,024	139,266
Net Revenue	10,216	25,082	6,593	22,327
Rate Base	469,004	469,004	455,419	455,419
Rate of Return	2.18%	5.35%	1.45%	4.90%

With respect to many of the elements making up the above tabulations, the evidence clearly shows that applicant and staff are in close agreement. Their respective calculations are readily reconciled.

In view of the evidence we adopt the following as a reasonable estimate of the results of operations of this utility for the year 1954 under present rates and under those which applicant proposes.

Adopted Results of Operations

Year 1954

Item	: Present Rates :	Proposed Rates :
Operating Revenues	\$134,600	\$162,000
Operating Expenses		
Before Taxes and Depreciation	97,000	97,000
Taxes	14,900	27,300
Depreciation	12,900	12,900
Total Operating Expenses	124,800	137,200
Net Revenue	9,800	24,800
Rate Base (Average, Depreciated)	456,000	456,000
Rate of Return	2.15%	5.44%

Applicant is in need of and entitled to increased revenues in the total amount sought. Presently scheduled reductions in federal income taxes, to a composite rate of 47 per cent on April 1, 1955, would increase the above-tabulated rate of return by approximately 0.3 per cent. Such change would not lessen applicant's entitlement to the revenues sought.

With respect to depreciation expense charges, applicant should use the depreciation accrual rates shown in Table 7-A of Exhibit No. 3 in this proceeding until such time as major changes in plant composition occur or a future review indicates that such accrual rates are inappropriate.

The increased rates authorized herein should produce gross revenues of approximately \$162,000, based upon 1954 operations, and a gross revenue increase of approximately \$27,400 annually. We find the spread of rates which applicant has proposed to be reasonable. The rates, being of a seasonal nature, will be made effective for service rendered commencing with the 1955 irrigation season. As the rates authorized by this decision will not be on file

and in effect by February 1, 1955, the order which follows will provide for the filing of a temporary rule applicable to the 1955 irrigation season only, which will extend to March 1, 1955, the date for applying for irrigation service and for making payment of charges which relate to February 1 in the rates and rules..

Position of Protestants

Protestants oppose any rate increase on general grounds and in addition seek a lesser rate for water delivered to their privately owned ditches on the premise that the costs of applicant's operations are lessened by applicant's not having to maintain or operate the privately owned ditches. The record is clear that protestants pay no more than any other customer for the delivery of water by applicant. We find no justification, in this record, for granting protestants any preferential treatment. The increased charges authorized herein are justified and produce no more than a reasonable return.

O R D E R

Sutter Butte Canal Co. having applied to this Commission for an order authorizing increased rates, public hearing thereon 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 and charges, in so far as they differ therefrom, are for the future unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in accordance with the provisions of General Order No. 96, the schedules of rates attached hereto as Appendix A and the Temporary Rule A attached hereto as Appendix B and, upon not less than five days' notice to the public and to this Commission, to make said rates effective for service rendered commencing with the 1955 irrigation season.

IT IS HEREBY FURTHER ORDERED that applicant shall determine future accruals for depreciation by dividing the original cost of plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant; applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

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

Dated at Los Angeles, California, this 25th day of JANUARY, 1955.

Robert E. Mitchell
President

Justin J. Casella

Raymond L. Lutz

Richard D. Dooly

Commissioners

Schedule No. 1

FLAT RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation water service rendered on a flat rate basis.

TERRITORY

An area lying generally west of the Feather River, partly within each of Butte and Sutter Counties.

RATES

1. Annual Service Charge

For All Crops

	<u>Per Acre Per Year</u>		
	<u>Gross</u>	<u>Discount</u>	<u>Net</u>
	<u>Charge</u>	<u>*</u>	<u>Charge</u>
First year of contract	\$2.50	\$0.00	\$2.50
Second year of contract	2.50	.25	2.25
Third year of contract	2.50	.45	2.05
Total for three contract years	7.50	.70	6.80

* Refer to Special Condition below.

2. Additional Charges

a. PER ACRE PER YEAR FOR CROPS SHOWN BELOW

					:Orchards,:
					:Clovers and Grasses:Vineyards:
					:Land :Land Not :and other:
:Date Payment is Due :					:Properly :Properly : General :
:for Each Installment:	Rice	Alfalfa	Leveled	Leveled	: Crops :

(1) Water Delivered by Gravity

February 1	\$ 3.75	\$1.75	\$2.25	\$ 2.75	\$1.75
July 1	11.00	4.00	4.50	9.00	3.75
Total of Two Installments	14.75	5.75	6.75	11.75	5.50

Schedule No. 1

FLAT RATE IRRIGATION SERVICE

RATES—contd.

2. Additional Charges—contd.

c. IRRIGATION OF RICE LANDS TO SPROUT GRASSES, OR PRIOR TO PLOWING

(2) Pumping Deliveries of Water

In addition to above charges for gravity deliveries of water, for all water delivered by pumping for the irrigation of rice lands in any year when rice is not irrigated, for the purpose of sprouting water grasses or weeds, or prior to plowing, per acre-foot \$0.50 .

SPECIAL CONDITION

The second and third years' annual service charges will be subject to the discounts set forth above when said annual service charges are paid in advance on or before February 1st of the first year of any three-year contract period.

Schedule No: 2

MEASURED RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation water service rendered on a measured basis.

TERRITORY

An area lying generally west of the Feather River, partly within each of Butte and Sutter Counties.

RATES

	<u>Per Acre Per Year</u>		
	<u>:Gross</u>	<u>:Discount:</u>	<u>:Net</u>
	<u>:Charge:</u>	<u>*</u>	<u>:Charge:</u>
1. Annual Service Charge			
For All Crops			
First year of contract	\$2.50	\$0.00	\$2.50
Second year of contract	2.50	.25	2.25
Third year of contract	2.50	.45	2.05
Total for three contract years	7.50	.70	6.80

* Refer to Special Condition No. 2 below

2. Additional Charges

a. FOR CROPS SHOWN BELOW

	<u>Rice</u>	<u>Clover, Grasses, Orchards,</u>	<u>Other General Crops</u>
	<u>:Water</u>	<u>:Water</u>	<u>:Water</u>
	<u>:Delivery</u>	<u>:Delivery</u>	<u>:Delivery</u>
	<u>:by</u>	<u>:by</u>	<u>:by</u>
	<u>:Gravity</u>	<u>:Pumping</u>	<u>:by Gravity</u>
			<u>:by Pumping</u>
Annual minimum charge per acre	\$4.00	\$4.50	\$3.50
Acre-feet of water allowed for annual minimum charge	3	3	1½
Water use in excess of quantity allowed for annual minimum charge, per acre-foot	\$2.25	\$2.75	\$2.75

Schedule No. 2

MEASURED RATE IRRIGATION SERVICE

RATES—contd.

2. Additional Charges—contd.

b. IRRIGATION OF GRAINS OTHER THAN RICE AND FOR SECOND CROPPING

(1) Acreage Charge

First two irrigations for grains, other than rice, only, included in annual service charge.

For each subsequent irrigation for the purpose of second cropping, per acre \$2.25

(2) Pumping Charge

In addition to above acreage charges, for all water delivered by pumping for the irrigation of grains, other than rice, or for second cropping, per acre-foot

\$0.50

c. IRRIGATION OF RICE LANDS TO SPROUT GRASSES, OR PRIOR TO FLOWING

(1) Acreage Charge

First flooding of rice lands in any year when rice is not irrigated, for the purpose of sprouting water grasses or weeds, or for plowing, included in annual service charge.

Each subsequent flooding, per acre \$1.25

(2) Pumping Charge

In addition to above acreage charges, for all water delivered by pumping for the irrigation of rice lands in any year when rice is not irrigated, for the purpose of sprouting water grasses or weeds, or prior to plowing, per acre-foot

\$0.50

SPECIAL CONDITIONS

1. The acreage charge for each irrigation in excess of the number of irrigations included in the annual service charge is payable in advance.

2. The second and third years' annual service charges will be subject to the discounts set forth above when said annual service charges are paid in advance on or before February 1st of the first year of any three-year contract period.

APPENDIX B

Temporary Rule A

FOR 1955 IRRIGATION SEASON

Wherever in these rates and rules reference is made to February 1, the date March 1, 1955, is substituted therefor in so far as said date is applicable to the 1955 irrigation season.

This rule shall expire automatically on December 31, 1955.