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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 EAST SIDE CANAL COMPANY, a corporation,
 for an order authorizing an interim
 rate for delivery of natural flow water
 during the calendar year 1959 in
 accordance with the proposals herein
 set forth.

Application No. 41066

O P I N I O N

By its application, filed April 23, 1959, East Side Canal Company, a California corporation, seeks interim rate relief during the remainder of the calendar year 1959 and for this period requests the Commission to authorize an increase in the rate for natural flow water from \$1.62 per acre-foot to \$3.00 per acre-foot. No change is requested in the present rate of \$3.92 per acre-foot for deliveries of stored water.

Applicant's request for authorization of an interim rate of \$3.00 per acre-foot for natural stream flow water during 1959 is intended to recover only a portion of the operating expense without any allowance for depreciation, according to applicant. The present rate of \$1.62 per acre-foot for this service has been in effect continuously since May 1, 1936. At a later date applicant proposes to file with this Commission an application requesting authorization for a general rate increase which will produce sufficient revenue to provide a reasonable rate of return on the capital invested.

History, Water Rights and Description of System

According to the application, applicant was incorporated on February 17, 1892 and its operations have been continuous since that date. Applicant has no separate right or entitlement to water

from the Kern River but receives its water from the Kern Island Canal Company at a contract purchase price of \$4,500 per year.

Water is distributed for irrigation purposes through an open ditch canal system consisting of approximately 19.5 miles of canals and laterals. Applicant's service area is adjacent to the East Side Canal southeast of the City of Bakersfield, Kern County.

Plant, Income and Estimated Earnings

Applicant's balance sheet as of December 31, 1958, Exhibit A attached to the application, indicates an amount for utility plant of \$149,021.34, an amount of \$36,643.81 for reserve for depreciation and a net utility plant of \$112,377.53. For the year ended December 31, 1958, applicant's income statement, included as Exhibit B in the application, shows a loss under utility operating income of \$17,377.67. Other income is reported at \$5,032.23, making a net loss of \$12,345.44. In fact, the application states that applicant has sustained an aggregate loss of \$321,292 during the years 1937 through 1958, inclusive, and has not earned a profit from operations in any of the last 22 years.

Applicant estimates that total operating expense for the year 1959 will not be less than \$30,000, which amount includes depreciation expense. Also, that for the same period and upon the basis of the average supply for the last five years its revenues under present rates and proposed rates would be as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
Natural Flow - 7,400 acre-feet	\$11,990	\$22,200
Storage Water - 100 acre-feet	<u>390</u>	<u>390</u>
Total Revenue	\$12,380	\$22,590

It is apparent from the above showing that the utility would suffer a loss based on its estimated 1959 deliveries of water

for the entire irrigation season. In addition, applicant demonstrates that at the rate proposed herein for natural flow water its average revenue for the last five years would be less than its average expense of \$35,000 for each of such years.

Findings and Conclusions

Applicant has clearly shown that earnings from present rates are deficient and that the increase proposed will not result in excessive earnings for the year 1959. The increased rate for natural flow water proposed by applicant will be authorized by the order which follows.

The Commission finds that the increased rate authorized herein is justified and that the present rate, insofar as it differs from that herein prescribed, for the balance of the year 1959 is unjust and unreasonable.

O R D E R

The Commission having considered the request of applicant and being of the opinion that a public hearing is not necessary; therefore,

IT IS ORDERED that East Side Canal Company, a California corporation, is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the temporary rate schedule attached to this order as Appendix A and, upon not less than five days' notice to this Commission and to the public, to make said rate effective for service rendered on and after June 16, 1959.

Since the company has urged that this interim rate be placed in effect as soon as possible and it does not appear that the public interest will thereby be adversely affected, IT IS FURTHER ORDERED that the effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 16th
day of January, 1959.

E. J. Fox
President
W. E. D. [illegible]
M. [illegible]

Commissioners

APPENDIX A

Schedule No. 3MNK

TEMPORARY MEASURED IRRIGATION SERVICE - NATURAL STREAM FLOW

APPLICABILITY

Applicable to natural flow water of the Kern River,
purchased under contract from Kern Island Canal Company.

TERRITORY

The area served by the company's canal system southeasterly
of, and adjacent to, the City of Bakersfield.

RATE

Per Acre-Foot

For irrigation water, when available, of natural flow water under contract from Kern Island Canal Company	\$3.00
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SPECIAL CONDITIONS

1. This schedule will be effective only for the 1959
irrigation season and will thereafter be withdrawn.

2. Applications for water under this schedule shall be
made in accordance with the effective rules on file as part
of these tariff schedules.