

ORIGINALDecision No. 51142

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BUENA VISTA CANAL, INC., a corporation,
for an order authorizing an increase in
applicant's rates for irrigation water
service and approving revised rules and
regulations governing water service, all
in accordance with the proposals herein
set forth.

Application No. 41402

In the Matter of the Application of EAST
SIDE CANAL COMPANY, a corporation, for an
order authorizing an increase in applicant's
rates for irrigation water service including
an annual service charge, and approving
revised rules and regulations governing water
service, all in accordance with the proposals
herein set forth.

Application No. 41403

In the Matter of the Application of THE
FARMERS CANAL COMPANY, a corporation, for an
order authorizing an increase in applicant's
rates for irrigation water service including
an annual service charge, and approving
revised rules and regulations governing water
service, all in accordance with the proposals
herein set forth.

Application No. 41404

In the Matter of the Application of KERN
ISLAND CANAL COMPANY, a corporation, for an
order authorizing an increase in applicant's
rates for irrigation water service and
approving revised rules and regulations
governing water service, all in accordance with
the proposals herein set forth.

Application No. 41405

In the Matter of the Application of KERN RIVER
CANAL AND IRRIGATING COMPANY, a corporation, for
an order authorizing an increase in applicant's
rates for irrigation water service and approving
revised rules and regulations governing water
service, all in accordance with the proposals
herein set forth.

Application No. 41406

In the Matter of the Application of STINE CANAL,
INC., a corporation, for an order authorizing
an increase in applicant's rates for irrigation
water service including an annual service charge
and approving revised rules and regulations
governing water service, all in accordance with
the proposals herein set forth.

Application No. 41407

(Appearances are shown in Appendix A)

O P I N I O N

Applications were filed August 17, 1959, by Buena Vista Canal, Inc., East Side Canal Company, The Farmers Canal Company, Kern Island Canal Company, Kern River Canal and Irrigating Company, and Stine Canal, Inc., six California corporations¹, requesting increases in rates and charges for irrigation water service and the approval of revised rules and regulations governing such service being rendered in the vicinity of Bakersfield, Kern County.

Public Hearings

Twelve days of public hearings on the six applications were held on a consolidated record before Commissioner Peter E. Mitchell and/or Examiner E. Ronald Foster in Bakersfield on April 20, 21, 22, 27, 28 and 29 and on June 14, 15, 16, 17, 29 and 30, 1960. Prior to the first day of hearing notices thereof were mailed to all consumers of the six applicants and also published as required by this Commission.

On April 29, 1960, a motion was made by counsel for the applicants for an interim rate relief for East Side Canal Company, The Farmers Canal Company, and Stine Canal, Inc. The Commission issued its Decision No. 60245, dated June 6, 1960, denying the motion.

Altogether 36 exhibits were introduced into evidence by witnesses for applicants, by a protesting owner of land in Stine's service area, by financial and engineering witnesses for the Commission's staff, and through two attorneys representing a large number of protesting farmer customers of applicants. The record contains 1,713 pages of the reporter's transcript. On the last day of hearing the six proceedings were submitted subject to the filing of briefs. The last brief was filed on September 15, 1960 and the matters are now ready for decision.

¹ Sometimes hereinafter collectively referred to as the applicant canal companies or utility companies and individually referred to as Buena Vista, East Side, Farmers, Kern Island, Kern River C. & I., and Stine, respectively.

General Information

All six of the applicant companies, or their predecessors, were incorporated in various years from 1870 to 1892. In excess of 98 percent of the corporate stock of the six utility companies is held by Kern County Canal and Water Company² which, in turn, is a wholly owned subsidiary of Kern County Land Company³. Water Company reportedly also owns eight private canal corporations. The principal function of Water Company is the maintenance and operation of all of the canals of the above-mentioned companies. The general officers for the six canal companies, consisting of President, Vice President, Secretary and Treasurer, are the same. None of the applicant canal companies have employees except for the general officers who are paid by Water Company. Further, Water Company deposits all moneys collected from the six applicants to its own account and, in turn, pays all costs incurred on behalf of the applicants. The source of the charges to the applicants originate on the books of Water Company. These charges are transmitted to the six canal companies as inter-company transactions. Work is performed through work orders by employees of Land Company and most of the automotive equipment used by Water Company is rented from Land Company. Land Company owns very considerable acreages of land within the service areas of the public utility canal companies, except East Side, varying percentages of which lands are under cultivation, either by tenants or by Land Company itself, and receive a part of their irrigation water from the said canal companies.

Specific Comparative Data

Following is a comparative summary of certain pertinent data pertaining to the several utility companies as presented in various exhibits introduced by applicants and the Commission staff, or developed therefrom by calculation:

² Sometimes hereinafter called Water Company.

³ Sometimes hereinafter called Land Company.

Item Unit and Reference ^a	Name of Applicant and Main Exhibit					
	Buena	East	Kern	Kern	Stine	
	Vista	Side	Farmers	Island	R.C.&I.	
	A-41402	A-41403	A-41404	A-41405	A-41406	A-41407
	Exh. 3	Exh. 8	Exh. 7	Exh. 4	Exh. 5	Exh. 6
Total Water Rights, (Exh. 2) C.F.S.	170	None	150	356	331	150
Total length of canals (Exh. 15) Miles	14	20	20.3	64.0	23.7	19.7
Number of customers	19	85	39	231	37	55
Service area, total acres	16,070	6,293	9,960	53,690	9,100	21,850
Owned by Land Company ^b (Exh. 15), Acres	13,430	0	5,580	25,460	3,200	11,090
(Calculated), Per Cent	83.6%	0	56.0%	47.4%	35.2%	50.8%
6-Year Av. Diversions 1954-59 (Exh. 15), Acre-Feet	11,881	16,289	9,477	102,462	16,547	10,502
6-Year Av. Deliveries 1954-59 (Exh. 15):						
Natural Flow, Acre-Feet	7,062	7,637	2,515	72,730	11,314	3,635
Stored Water, Acre-Feet	1,400	158	1,039	3,896	4,090	1,344
Purchased Water, Acre-Feet	-	-	-	484	60	-
Contract, Acre Feet	-	316	-	5,824	-	-
Total	8,462	8,111	3,554	82,934	15,464	4,979
Ratio of Del./Div. 1954-59 (Exh. 15), Per Cent	71.2%	49.8%	37.5%	80.9%	97.5%	47.4%
Transportation Losses (By deduction), Acre-Feet	3,419	8,178	5,923	19,528	1,083	5,523
Transportation losses (Calculated), Per Cent	28.8%	50.2%	62.5%	19.1%	6.5%	52.6%
Transportation losses per mile of canal (Calculated), Acre-feet	244	409	292	305	46	280
Land subject to service charge Acres	-	5,400	5,140	-	-	6,990
Proposed service charge, per Acre	-	\$4.25	\$4.85	-	-	\$3.30
Est. revenue from proposed serv- ice charge, per year	-	22,950	24,929	-	-	\$23,067
Est. revenue from proposed quantity rate, per year	-	\$29,231 ^c	\$13,328	-	-	\$18,671
Total Est. Rev. per Year	-	\$52,181	\$38,257	-	-	\$41,738
Equivalent rate per acre-foot delivered (Calculated)	-	\$ 6.69	\$10.76	-	-	\$ 8.38
Estimated pumping cost (Trans- cript.), per acre-foot	\$ 3.45	\$ 5.71	\$ 4.16	\$ 4.75	\$ 4.75	\$ 3.75

a Other than applicants' main exhibits.

b See also Commission staff's map, Exhibit No. 16.

c Does not include revenue from water sold under contract.

Rates, Present and Proposed

The basic rates of the applicant utilities for service of irrigation water from the natural flow of Kern River became effective on May 1, 1936, by authority of the Commission's Decision No. 28765, dated April 27, 1936, in Applications Nos. 16610 to 16617, inclusive.

After the completion of the construction of Isabella Reservoir in 1954, the presently filed rates applicable to deliveries of water stored therein became effective August 25, 1954, for the balance of that year by authority of Decision No. 50338, dated July 27, 1954, in Application No. 35517. These rates were refiled on August 23, 1955, as authorized by Decision No. 51758, dated August 2, 1955, in Application No. 36953, and are still in effect. The rates for water from storage are \$2.30 per acre foot higher than the respective basic rates for natural flow water. Such increase represents the cost of \$1.50 per acre-foot charged by the U. S. Government for water withdrawn from storage and the reflection of the estimated 35 percent loss in transporting the water from Isabella Reservoir to the point of delivery.

For each of the applicants except Kern River C. & I., various higher interim rates for water from the natural flow of Kern River were authorized for the 1959 irrigation season by Commission Decisions No. 58588 to No. 58592, inclusive, dated June 16, 1959, in Applications No. 41065 to No. 41069, inclusive, respectively. These interim rates were continued in effect for the year 1960 by decisions issued December 29, 1959.

In 1959, the Commission authorized a temporary optional rate of \$7.45 per acre-foot for emergency stored water to be sold by Kern Island. In 1960, a temporary optional rate of \$7.50 per acre-foot was authorized for deliveries by Kern River C. & I., and \$6.80 per acre-foot for deliveries by Kern Island and East Side.

In the instant proceedings, the applicant canal companies propose that all water, whether natural flow or from storage, will be delivered at a consolidated rate per acre-foot of water for each utility. However, it is proposed that the revenues from such quantity rates be augmented by means of a service charge per acre of land, for three of the canal companies: East Side, Farmers and Stine.

The following tabulation summarizes the presently authorized rates and the rates and charges proposed by the several applicants, as presented in their combined exhibit, Item "C":

Applicant Canal Company	Authorized		Proposed		
	1936	1954	1959-60	Natural	Service
	Flow	Storage	Natural	Storage	Charge
	Per	Per	Flow	Per	Per
	Ac.-Ft.	Ac.-Ft.	Ac.-Ft.	Ac.-Ft.	Acre
Buena Vista	\$1.20	\$3.50	\$2.00	\$3.70	\$ -
East Side	1.62	3.92	3.00	3.75	4.25
Farmers	1.63	3.93	3.00	3.75	4.85
Kern Island	1.60	3.90	1.90	3.35	-
Kern River C. & I.	1.44	3.74	-	3.45	-
Stine	1.63	3.93	3.00	3.75	3.30

Summary of Showings and Earnings

Table 2 of Chapter I-2 of Exhibit No. 15 introduced in evidence by the Commission staff shows the net income transferred to earned surplus as reflected in the accounting records of the six applicant utilities for the years 1936 through 1959. Inspection of the table reveals that in each year of that period at least two of the canal companies operated at a loss; that during the 12-year period from 1948 to 1959, inclusive, all six of them operated at a loss every year

except three which operated at a profit some of the years 1952, 1956 and 1958; and that the operating losses totalled \$1,254,667 for the 24-year period. Such operating losses, in addition to considerable amounts required for additions and improvements to the canal systems, have resulted in substantial amounts now owing on open accounts to Water Company, acting as treasurer for the canal companies. In turn, Water Company has been reimbursed by its parent, Land Company.

In the current proceedings, applicants chose as a basis for their showings the results of operations for the six years 1954 through 1959, those being the years since Isabella Reservoir was completed to make storage of water possible. There follows a tabulation of the total revenues, expenses and net revenues from the various rates in effect for the last six years and the average thereof, summarized from Table 5 of the respective exhibits introduced in evidence by the six applicants:

**COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
AT RATES EXISTING FOR YEARS 1954 THROUGH 1959**

Year and Item	Name of Applicant and Exhibit Number					
	Buena Vista Exhibit No. 3	East Side Exhibit No. 8	Farmers Exhibit No. 7	Kern Island Exhibit No. 4	Kern River C.&I. Exhibit No. 5	Stine Exhibit No. 6
Year 1954						
Revenues	\$17,373	\$11,567	\$ 6,404	\$108,022	\$16,012	\$ 8,092
Expenses	23,681	36,718	34,766	162,024	23,848	31,593
Net	(6,308)	(25,151)	(28,362)	(54,002)	(7,836)	(23,501)
Year 1955						
Revenues	13,833	11,937	2,819	118,749	10,712	3,557
Expenses	25,600	40,117	27,258	155,186	19,376	21,684
Net	(11,767)	(28,180)	(24,439)	(36,437)	(8,664)	(18,127)
Year 1956						
Revenues	11,629	15,297	6,922	142,450	37,136	10,456
Expenses	29,766	33,579	30,868	130,594	28,024	27,520
Net	(18,137)	(18,282)	(23,946)	11,856	9,112	(17,064)
Year 1957						
Revenues	6,677	11,728	12,124	130,108	38,455	15,536
Expenses	17,574	36,702	26,204	149,584	43,278	32,163
Net	(10,897)	(24,974)	(14,080)	(19,476)	(4,823)	(16,627)
Year 1958						
Revenues	27,787	17,881	12,953	145,542	78,863	23,923
Expenses	20,675	30,703	20,060	146,317	44,621	25,424
Net	7,112	(12,822)	(7,107)	(775)	34,242	(1,501)
Year 1959						
Revenues	6,819	22,177	8,090	212,139	16,382	8,450
Expenses	17,544	36,372	20,175	199,020	33,296	22,876
Net	(10,725)	(14,195)	(12,085)	13,119	(16,914)	(14,426)
6-Year Average:						
Revenues	14,019	15,098	8,219	142,835	32,927	11,669
Expenses	22,473	35,699	26,555	157,121	32,074	26,877
Net	(8,454)	(20,601)	(18,336)	(14,286)	853	(15,208)

(Red Figure)

It may be noted from the foregoing tabulation that operating losses were experienced during either all or a majority of the six years by all six applicants. In general, the smallest losses or a profit occurred in the year 1958, which was a year of relatively good water supply. Even with the interim increased rate for natural flow water authorized in 1959, each applicant except Kern Island suffered a loss for that year when the water supply was relatively poor.

The following tabulations show comparisons of the summary of earnings for each of the six applicants, as estimated by the respective applicants at the proposed rates and charges and also as estimated by the Commission staff for the year 1959 adjusted and the year 1960 estimated, both at the rates in effect for the year 1959 and at the rates and charges proposed by applicants. For both sets of estimates, the revenues are based on the same 1954-1959 average total deliveries of both natural flow and storage water; and, for East Side, Farmers and Stine, the same acreages of customers' lands estimated to be subject to the application of the respective service charges proposed by applicants.

COMPARISON OF SUMMARY OF EARNINGS
Buena Vista Canal, Inc., Application No. 41402

:Applicant: CPUC Staff Exhibit No. 15:					
:Exh. No.3: 1959 Adjusted : 1960 Estimated:					
:Proposed : Present :Proposed : Present :Proposed:					
Item	: Rates	: Rates	: Rates	: Rates	: Rates
<u>Operating Revenues</u>					
Metered Sales	\$ 31,309	\$ 19,020	\$ 31,310	\$ 19,020	\$ 31,310
Unmetered Sales	-	160	160	160	160
Transporting Water	3,618	2,200	2,200	2,200	2,200
Total	34,927	21,380	33,670	21,380	33,670
<u>Deductions</u>					
Operating Expenses	19,978	19,680	19,680	19,680	19,680
Taxes other than Income	2,009	2,040	2,040	2,150	2,150
Taxes on Income	3,987	100	3,320	100	3,170
Depreciation	2,480	2,140	2,140	2,480	2,480
Total	28,454	23,960	27,180	24,410	27,480
Net Revenue	6,473	(2,580)	6,490	(3,030)	6,190
<u>Rate Base</u>					
Utility Plant	132,946	126,620	126,620	135,460	135,460
Deprec. Reserve	17,298	17,790	17,790	18,050	18,050
Deprec. Plant	115,648	108,830	108,830	117,410	117,410
Working Cash	4,355	3,180	3,180	3,180	3,180
Deprec. Rate Base	120,003	112,010	112,010	120,590	120,590
USE		112,000	112,000	120,600	120,600
Rate of Return	5.39%	Loss	5.79%	Loss	5.13%
(Red Figure)					

COMPARISON OF SUMMARY OF EARNINGS
East Side Canal Company, Application No. 41403

:Exh. No.8:

<u>Operating Revenues</u>					
Metered Sales	\$ 29,231	\$ 23,530	\$ 29,230	\$ 23,530	\$ 29,230
Contracts	269	270	270	270	270
Unmetered Sales	-	60	60	60	60
Service Charge	22,950	-	22,950	-	22,950
Total	52,450	23,860	52,510	23,860	52,510
<u>Deductions</u>					
Operating Expenses	29,861	29,400	29,400	29,400	29,400
Taxes other than Income	6,075	6,070	6,070	6,070	6,070
Taxes on Income	5,016	100	5,170	100	4,970
Depreciation	2,380	1,760	1,760	2,370	2,370
Total	43,332	37,330	42,400	37,940	42,810
Net Revenue	9,118	(13,470)	10,110	(14,080)	9,700
<u>Rate Base</u>					
Utility Plant	147,334	148,120	148,120	147,330	147,330
Deprec. Reserve	20,321	20,220	20,220	21,510	21,510
Deprec. Plant	127,013	127,900	127,900	125,820	125,820
Working Cash	11,370	4,780	4,780	4,780	4,780
Deprec. Rate Base	138,383	132,680	132,680	130,600	130,600
USE		132,700	132,700	130,600	130,600
Rate of Return	6.59%	Loss	7.62%	Loss	7.43%
(Red Figure)					

COMPARISON OF SUMMARY OF EARNINGS
The Farmers Canal Company - Application No. 41404

:Applicant: CPUC Staff Exhibit No. 15:					
:Exh. No.7: 1959 Adjusted : 1960 Estimated:					
:Proposed : Present :Proposed : Present :Proposed:					
Item	: Rates	: Rates	: Rates	: Rates	: Rates
Operating Revenues					
Metered Sales	\$ 13,328	\$ 11,620	\$ 13,330	\$ 11,620	\$ 13,330
Unmetered Sales	-	30	30	30	30
Service Charge	24,929	-	24,930	-	24,930
Total	38,257	11,650	38,290	11,650	38,290
Deductions					
Operating Expenses	24,196	24,540	24,540	24,540	24,540
Taxes other than Income	1,163	1,170	1,170	1,220	1,220
Taxes on Income	3,965	100	3,580	100	3,480
Depreciation	2,250	2,020	2,020	2,250	2,250
Total	31,574	27,830	31,310	28,110	31,490
Net Revenue	6,683	(16,180)	6,980	(16,460)	6,800
Rate Base					
Utility Plant	118,644	116,510	116,510	120,770	120,770
Deprec. Reserve	18,029	19,750	19,750	18,940	18,940
Deprec. Plant	100,615	96,760	96,760	101,830	101,830
Working Cash	6,645	4,000	4,000	4,000	4,000
Deprec. Rate Base	107,260	100,760	100,760	105,830	105,830
USE		100,800	100,800	105,800	105,800
Rate of Return	6.23%	Loss	6.92%	Loss	6.43%
(Red Figure)					

COMPARISON OF SUMMARY OF EARNINGS
Kern Island Canal Company - Application No. 41405

:Exh. No.4:

Operating Revenues					
Metered Sales	\$256,697	\$155,270	\$258,320	\$155,270	\$258,320
Sales to other					
Utilities	4,500	4,500	4,500	4,500	4,500
Contracts		600	600	600	600
Unmetered Sales	578	880	880	880	880
Total	261,775	161,250	264,300	161,250	264,300
Deductions					
Operating Expenses	132,867	122,130	122,130	122,130	122,130
Taxes other than Income	21,584	22,000	22,000	22,390	22,390
Taxes on Income	49,429	370	51,360	360	51,330
Depreciation	15,770	16,110	16,110	15,770	15,770
Total	219,650	160,610	211,600	160,650	211,620
Net Revenue	42,125	640	52,700	600	52,680
Rate Base					
Utility Plant	904,523	910,030	910,030	911,260	911,260
Deprec. Reserve	166,309	169,300	169,300	172,800	172,800
Deprec. Plant	738,214	740,730	740,730	738,460	738,460
Working Cash	39,140	19,590	19,590	19,590	19,590
Deprec. Rate Base	777,354	760,320	760,320	758,050	758,050
USE		760,300	760,300	758,000	758,000
Rate of Return	5.42%	0.08%	6.93%	0.08%	6.95%

COMPARISON OF SUMMARY OF EARNINGS
Kern River Canal and Irrigation Company, Application No. 41406

: Applicant: CPUC Staff Exhibit No. 15 :					
: Exh. No. 5 : 1959 Adjusted : 1960 Estimated :					
: Proposed : Present : Proposed : Present : Proposed :					
Item	: Rates	: Rates	: Rates	: Rates	: Rates
Operating Revenues					
Metered Sales	\$ 53,147	\$ 31,810	\$ 53,350	\$ 31,810	\$ 53,350
Unmetered Sales	0	440	440	440	440
Total	53,147	32,250	53,790	32,250	53,790
Deductions					
Operating Expenses	27,342	26,100	26,100	26,100	26,100
Taxes other than Income	571	560	560	570	570
Taxes on Income	7,360	290	7,540	230	7,470
Depreciation	5,040	4,870	4,870	5,040	5,040
Total	40,313	31,820	39,070	31,940	39,180
Net Revenue	12,834	430	14,720	310	14,610
Rate Base					
Utility Plant	298,965	313,040	313,040	300,130	300,130
Deprec. Reserve	30,377	43,490	43,490	32,770	32,770
Deprec. Plant	268,588	269,550	269,550	267,360	267,360
Working Cash	8,790	4,200	4,200	4,200	4,200
Deprec. Rate Base	277,378	273,750	273,750	271,560	271,560
USE		273,800	273,800	271,600	271,600
Rate of Return	4.63%	0.16%	5.38%	0.11%	5.38%

COMPARISON OF SUMMARY OF EARNINGS
Stine Canal, Inc., Application No. 41407

:Exh. No. 6:

Operating Revenues					
Metered Sales	\$ 18,671	\$ 16,180	\$ 18,670	\$ 16,180	\$ 18,670
Unmetered Sales	-	40	40	40	40
Service Charge	23,067	-	23,070	-	23,070
Total	41,738	16,220	41,780	16,220	41,780
Deductions					
Operating Expenses	22,988	22,920	22,920	22,920	22,920
Taxes other than Income	2,575	2,600	2,600	2,670	2,670
Taxes on Income	4,997	100	4,600	100	4,520
Depreciation	2,850	2,660	2,660	2,850	2,850
Total	33,410	28,280	32,780	28,540	32,960
Net Revenue	8,328	(12,060)	9,000	(12,320)	8,820
Rate Base					
Utility Plant	154,264	149,600	149,600	155,940	155,940
Deprec. Reserve	22,034	22,390	22,390	23,160	23,160
Deprec. Plant	132,230	127,210	127,210	132,780	132,780
Working Cash	7,490	2,870	2,870	2,870	2,870
Deprec. Rate Base	139,720	130,080	130,080	135,650	135,650
USE		130,100	130,100	135,600	135,600
Rate of Return	5.96%	Loss	6.92%	Loss	6.50%

(Red Figure)

A comparison of the results of operations as estimated by the applicants and by the staff shows that they are in relatively close agreement. In both sets of estimates the recorded investment in plant of each of the six applicant canal companies is based on an appraisal of the properties made as of December 31, 1929, and as adjusted to December 31, 1935, and again to January 1, 1958. As a foundation upon which rate bases have been erected for each applicant in the present proceedings, it appears that the recordings of plant investment and the adjustments of plant accounts are reasonable and they will be adopted for the purposes of these proceedings.

The staff's investigation disclosed a total of approximately one million dollars of contributed plant not recorded on the books of the several utilities. It is understood that applicants were in the process of determining the respective amounts of contributed plant but these studies had not yet been completed at the time of the hearings herein. Inasmuch as such contributed plant is not included in the rate bases, its possible effect on the rate of return in the current proceedings is considered to be nil. The Commission is informed that applicants have since completed their studies and have submitted for review by the Commission's Finance and Accounts Division the appropriate journal entries applicable to each balance sheet account necessary to properly account for such contributed plant.

Revision of the staff's amounts to correct for some minor omissions and an inadvertent error will result in the following rate bases for the six applicants as developed by the staff:

<u>CPUC Staff's Depreciated Rate Bases as Revised</u>	
<u>Applicant</u>	<u>1960 Estimated</u>
Buena Vista	\$ 120,700
East Side	130,700
Farmers	105,900
Kern Island	758,800
Kern River C. & I.	271,700
Stine	136,600
Total	1,524,400

After a careful review of all of the evidence, it appears that the staff's developments of rate bases for the six utility canal companies, have been properly determined and are reasonable. Therefore, the staff's average depreciated rate bases, as above revised, for the test year 1960 will be adopted for the purposes of testing the reasonableness of the rates for water service to be authorized herein.

Also, the staff's estimates of total operating revenues and deductions therefrom resulting in net revenues for the six applicants appear to be the more accurate, consistent and realistic and they will be adopted as reasonable for purposes of further consideration herein.

Proposed Annual Service Charge

In addition to a uniform proposed rate of \$3.75 per acre-foot for all water delivered either from natural flow or storage, East Side, Farmers and Stine propose to supplement their revenues by means of an annual service charge per acre of \$4.25, \$4.85 and \$3.30, respectively. For purposes of estimating their revenues from such charges, these applicants have assumed that all of their customers who have received deliveries of irrigation water upon their lands in any of the five years of 1953 through 1957 (that being the latest year for which data were available at the time of making their studies) will desire to have water service for such lands in the future. On the basis of that assumption, the three applicants have used totals of 5,400, 5,140 and 6,990 acres, respectively, to which the service charges would be applied. This results in revenues from such charges amounting to \$22,950, \$24,929 and \$23,067, respectively, for East Side, Farmers and Stine. The Commission staff's estimates were based on the same assumption and acreages.

Applicants claim that the use of a service charge will more equitably allocate a portion of the cost of providing irrigation service to all customers who desire to have the service available and will also encourage a greater use of water by the customers within the service areas. In addition, the revenues from the service charges will assure applicants of certain minimum amounts of revenues each year and help to diminish the variations in revenue from year to year.

A witness for these applicants testified that if all revenues were expected to be provided from water deliveries, as for the other three applicant canal companies, the resulting rate per acre-foot of water would be so high in comparison with pumping costs in the service areas that water sales would be reduced by lack of demand from the customers. Somewhat inconclusive evidence was introduced during the course of the hearings that average or general costs of pumping water from wells is about \$5.71, \$4.16 and \$3.75 per acre-foot in the respective service areas of East Side, Farmers and Stine.

Position of Protestants and Customer Participation

An owner of 320 acres of land located in about the middle of Stine's service area appeared and testified in opposition to the proposed increase in the cost of water service to his property, particularly that portion of the increase represented by the service charge and the proposed rule by which it would be applied. He testified that in 1959 there was no water in the Stine canal at a time when it could be used, thereby making it necessary for his tenants to pump all irrigation water for their crops from wells. Under such conditions, the witness claimed that it would be unfair and unreasonable to expect him to pay the service charge (amounting to about \$1,000 in his case) each year without any assurance of being able to obtain water from Stine upon demand.

Some 117 other farmer customers of all the applicant canal companies except Kern River C. & I. were represented by counsel in protest against applicants' proposals. In this he was joined by counsel for the California Farm Bureau Federation as protestant. Both counsel minutely cross-examined the applicants' witnesses as well as those of the Commission's staff. They also introduced in evidence 14 exhibits⁴. The main purpose of introducing their exhibits was to support protestants' contention that in the determination of rates for service of irrigation water in the future, consideration should be given to conditions prevailing over a period longer than the most recent six years.

On behalf of protestants, seven customers testified during the hearings and the testimony of six additional customers was received in evidence by stipulation, these thirteen witnesses being customers of one or more of all applicants except Kern River C. & I. Their testimony may be summarized as follows:

- a. In most instances it has become necessary to install wells because the canal companies cannot supply all of the water which is needed either in total volume or at the time it is wanted. Particularly with reference to East Side, Farmers and Stine, customers depend primarily upon well water for the irrigation of their crops, the canal water supply from these three systems being considered as only supplemental to the supply from customers' wells.
- b. Except in the case of Kern Island, the cost of canal water is equal to or greater than the cost of well water, depending upon the relative amounts of water used. Most of the witnesses stated that they would not buy canal water at the higher cost.
- c. The cost of pumping water will increase as the water table recedes. In one instance the depth to ground water has increased from 30 feet in 1955 to 72 feet in 1960, a drop of 42 feet or in excess of eight feet per year. ✓

⁴ Exhibits No. 9, Nos. 17 through 28 and No. 30.

- d. The principal reason given for continuing to purchase canal water, even at a higher cost, was the hope of replenishing the underground supply and preventing such rapid recession of the water table.
- e. All witnesses who have been, or might in the future plan to be, customers of East Side, Farmers and Stine were unequivocally opposed to the proposed service charge and the rule pertaining to it. Their opposition was based primarily upon the fact that the supply of water from the canals will not supply all of the demand and is supplemental to well water. Therefore, having wells available, they declared they could not afford to purchase canal water under applicants' proposals.

A consulting geologist testified on behalf of the protestants that the benefit to existing water wells in the area by seepage from the canals is minimal.

In the joint brief of counsel for protestants, they contend that the rates and charges proposed by applicants, the gross and net revenues to be derived therefrom, and the resulting rates of return as computed by applicants and by the Commission staff are excessive in relation to the value of service rendered.

Protestants questioned the reasonableness of the depreciation procedures followed by applicants in accepting the recommendations by the staff, which, the record shows, were made in accordance with standard practices heretofore adopted by the Commission staff.

Considerable objection was raised against the concept of the service charge proposed by applicants East Side, Farmers and Stine. Protestants pointed out that these canal companies cannot meet the demand for the service on which the charge is based. Under the conditions which exist here, they contend that the imposition of a service charge is improper as a means of obtaining additional revenues.

The protestants alleged discrimination resulting from certain contracts involving East Side and Kern Island. Inasmuch as the

Commission, in prior proceedings⁵, found the several agreements to be proper, and there has been no contrary evidence herein, the agreements will not be disturbed.

Canal Transportation Losses

Both applicants and protestants confirm there are relatively large losses in transporting water through the canals. A consulting civil engineer, on behalf of the applicants, testified that the canal water loss is primarily a function of the number of days the canal is wet and the area wetted and that it was his conclusion that the water loss suffered by the applicants was reasonable.

In an endeavor to reduce transportation losses, applicants have proposed two important changes in their operations. By making a single rate for all water delivered, whether from natural flow or storage, the customer will not have to decide if he wishes to pay the higher rate for stored water, as heretofore, but may request delivery of any water which may be available to the particular canal company from which he receives service. Applicants also propose to schedule deliveries at an optimum demand level, rather than on a rotational basis, in order to concentrate the deliveries of all available water over a shorter period of time.

Proposed Rules and Regulations

As a substitute for revised rules and regulations proposed by applicants and in an endeavor to achieve more uniformity in the rules applicable to all water utilities governing their relations with customers, the Commission staff introduced Exhibit No. 29 which consists of tariff sheets embodying standardized rules recommended for water utilities in general but adapted to the needs of an irrigation system for use by applicants herein. No objection to these rules was voiced by protestants either at the hearing or in the brief submitted by their counsel. Applicants suggested certain minor additions and

⁵ Decision No. 9195, June 30, 1921 (20 CRC 205); and Decision No. 26530, November 13, 1933 (39 CRC 90).

modifications to be made in the rules recommended by the staff. To the extent deemed appropriate, such revisions therein will be included by the order herein authorizing the applicants to file the sets of tariff sheets substantially as recommended by the staff.

Recommendations

It is understood that various adjustments and recommendations made by the staff relative to applicants' plant accounts, and to certain accounting practices and procedures, have already been, or will be, adopted by applicants. It is particularly important in this respect that applicants take advantage of this opportunity to make the adjustments indicated by the analyses contained in Chapters 4 through 9 of Part I of the staff Exhibit No. 15. Hereafter applicants will be expected to maintain their accounting records in conformity with the Uniform System of Accounts for Water Utilities as prescribed by the Commission.

The order herein will require applicants to carry out the staff's recommendations concerning depreciation practices and the filing of comprehensive service and facilities maps, tariff service area maps and sample copies of printed forms normally used in connection with customers' services, in addition to the revised rules hereinabove discussed.

The staff also recommended that applicants file tariff schedules for water service provided on a flat rate basis or discontinue providing such service. Applicants will be required to file the appropriate schedules of rates.

The staff further recommended that those applicants which transport water for others should file tariff schedules for such service. Each applicant concerned will be required to file a uniform rate of 10 cents per acre-foot of water per mile transported for all deliveries of such water transported for others, other than that covered by duly authorized contracts.

Findings and Conclusions and
Adopted Results of Operations

A review of all of the evidence in these proceedings leads us to the conclusion that the use by applicants of the operating data for the years 1954 through 1959, embracing the period since storage of water in Isabella Reservoir has been utilized, is the most logical and realistic period upon which to forecast the results of future operations. We therefore find that the use by applicants and by the Commission staff of the six-year averages of water deliveries by each of the six utility companies, in response to the demands of their customers for the irrigation of their crops under current farming practices, during the years 1954 through 1959 when natural flows in the Kern River have been both less and more than average, is fair and reasonable for the purposes of these proceedings.

The Commission further finds and concludes that the staff's estimates of operating revenues, expenses, including depreciation and taxes, and rate bases, revised as indicated in a foregoing tabulation, reasonably represent the results of applicants' operations for the year 1959 adjusted and the year 1960 estimated under average conditions of available water supply and irrigation demands of their customers, and they will be and hereby are adopted for the purpose of testing the reasonableness of the rates and charges requested by the several applicants and the rates authorized herein for the irrigation water service rendered by the respective applicants.

Applicants Buena Vista, Kern Island and Kern River C. & I. have requested rates of \$3.70, \$3.35 and \$3.45 per acre-foot of water, respectively. In view of all of the evidence before us in these proceedings, the Commission finds and concludes none of these rates to be excessive or unreasonable. The rates for these three applicants, as proposed, will be authorized.

In addition to a common rate of \$3.75 per acre-foot of water, applicants East Side, Farmers and Stine have proposed service charges of \$4.25, \$4.85 and \$3.30 per acre, respectively, as a means of augmenting their revenues. A service charge, sometimes called a demand charge, implies a readiness to serve on the part of the utility. The evidence demonstrates that none of these three applicants can satisfy its customers' demands and normal requirements for irrigation water and that the canal supply is considered supplemental to that obtained by pumping from the customers' wells. Under such circumstances we find and conclude that no service charge can be justified. This being so, it is unnecessary to elaborate upon the merits or reasonableness of the rule proposed by applicants relating to the billing and payment of such a service charge.

As has been set forth previously herein, if quantity rates were designed to produce the same increased revenues as those estimated to be obtained from the application of the service charges, the equivalent rates would be \$6.69, \$10.76 and \$8.38 per acre-foot, respectively, for East Side, Farmers and Stine. The record herein convinces us that an attempt to obtain the desired revenues by charging such rates for canal water would defeat its own purposes since well water is available at considerably lower costs.

Such large disparity in water rates as that indicated above would result in such inequities that after very careful consideration of all of the evidence pertaining to this somewhat unusual and peculiar situation, the Commission finds and concludes that the public interest requires that a uniform rate no higher than \$6.00 per acre-foot of water should be determined for use by applicants East Side, Farmers and Stine. Such a rate will be authorized.

For purposes of this decision the Commission hereby finds and adopts the following consolidated results of operation as reasonable for the six applicant companies for the estimated year 1960 at the authorized rates:

CONSOLIDATED RESULTS OF OPERATIONS
Estimated 1960 Earnings at Authorized Rates

<u>Item</u>	<u>Combined Total</u>
<u>Operating Revenues</u>	
Metered Sales	\$ 440,940
Unmetered Sales	1,610
Sales to Other Util.	4,500
Contracts	870
Transporting Water	2,200
Total	<u>450,120</u>
<u>Deductions</u>	
Operating Expenses	244,770
Taxes Other Than Income	35,070
Taxes on Income	65,710
Depreciation	30,760
Total	<u>376,310</u>
Net Revenue	73,810
Depreciated Rate Base	1,524,400
Rate of Return	4.84%

From the last tabulation it may be seen that the combined operations of all six applicants for the year 1960 are estimated to result in an over-all rate of return of 4.84% on the consolidated rate base of \$1,524,400.

The Commission finds that the six applicant canal companies are owned and controlled by Water Company; that Water Company is the treasurer for all six canal companies; has custody of all moneys collected and pays all expenses incurred by canal companies. The Commission further finds that for rate-making purposes, in light of the common ownership and common operation of the six applicant canal companies by Water Company, justice and equity can best be accomplished by a consideration of these applicants as conduits of the parent Water Company. Therefore, we find that an over-all rate of return of 4.84 percent for the estimated year 1960, on a consolidated rate base of \$1,524,400, is fair and reasonable.

We also find and conclude that applicants should be required to file appropriate schedules of rates for unmeasured water service

furnished from time to time for accommodation of casual and temporary customers and also for the service of transporting water for others, where such transportation is not covered by any authorized contract. The order herein will require such filings to be made.

Accordingly, the Commission finds and concludes that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

O R D E R

Six corporations, Buena Vista Canal, Inc., East Side Canal Company, The Farmers Canal Company, Kern Island Canal Company, Kern River Canal and Irrigating Company, and Stine Canal, Inc., having applied to this Commission for authority to increase rates and charges for irrigation water service and for the approval of revised rules and regulations governing such service being rendered in the vicinity of Bakersfield, in Kern County, public hearings having been held on a consolidated record, the matters having been submitted and now being ready for decision,

IT IS HEREBY ORDERED that:

1. The said six applicants are authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformance with General Order No. 96, the respective schedules of rates attached to this order as Appendix B and, upon not less than five days' notice to this Commission and to the public, to make such rates effective for all measured irrigation water service rendered on and after January 1, 1961. Concurrently therewith each applicant is authorized to withdraw and cancel, by appropriate advice letter, all of its presently filed rate schedules.

2. Within twenty days after the effective date of this order, the said six applicants shall prepare and file in quadruplicate with this Commission, and in conformity with General Order No. 96, the respective schedules of rates attached to this order as Appendix C, for miscellaneous water service furnished to their customers, other than measured irrigation service. Such rates shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided, and thereafter applicants shall furnish such service only in accordance with the filed rates.

3. Within twenty days after the effective date of this order, the said six applicants shall prepare and file in quadruplicate with this Commission, and in conformity with General Order No. 96, the respective schedules of rates attached to this order as Appendix D for water transportation service. Such rates shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided, and thereafter applicants shall furnish such service only in accordance with the filed rates.

4. Within thirty days after the effective date of this order, the said six applicants shall each file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, the tariff sheets containing up-to-date rules set forth in Exhibit No. 29 in these proceedings as specifically approved or modified by Appendix E attached hereto, together with tariff service area maps acceptable to the Commission and sample copies of printed forms normally used in connection with customers' services. Such rules, tariff service area maps and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

5. Within forty-five days after the effective date of this order, the said six applicants shall each file with this Commission

four copies of a comprehensive map drawn to an indicated scale not smaller than 3,000 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal diversion and distribution facilities; and the location of the various water system properties of each applicant.

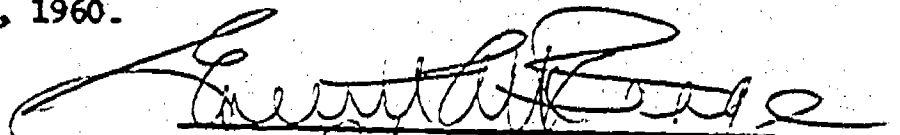
6. Each of the said six applicants shall continue to use the straight-line remaining life method of determining accruals to the depreciation reserve, commenced January 1, 1958, and shall review the depreciation rates whenever substantial changes in depreciable plant composition occur and for each plant account at intervals of not more than five years, and revise such rates in conformance with such reviews. Results of these reviews shall be submitted to the Commission.

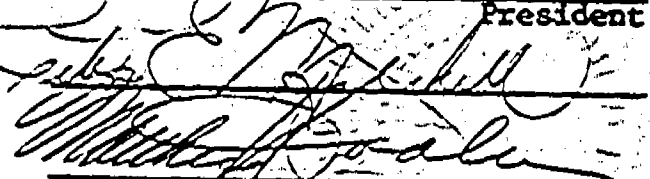
7. All motions and requests made during the course of these proceedings which are inconsistent with the actions taken in this decision are hereby denied.

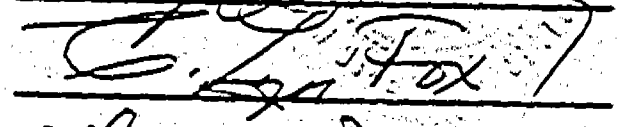
8. Except to the extent authorized herein, the applications be and they are denied.


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

Dated at San Francisco, California, this 6th day of December, 1960.



President






Commissioners

APPENDIX A

LIST OF APPEARANCES

McCutchen, Doyle, Brown & Enersen, by Robert Edmondson, for applicants.

William L. Knecht, for California Farm Bureau Federation, protestant.

Marston Campbell, Jr., in propria persona, protestant.

Mack, Bianco, King & Eyherabide, by D. Bianco, protestant, on behalf of the following farmer customers of applicant companies:

R. W. Akers, Nick Angone, Julius Anton, Antongiovanni Brothers, John Antongiovanni, William P. Babishoff, B. S. Baldwin, Ido Banducci, James Banducci, George Beggs, Joseph Belluomini, Inc., John G. Benbow, Frank Bertano, James O. Boss, Jim Bugni, Mario Buoni & Son, Arnold D. Calderwood, R. E. Calderwood, Manuel Capinha, Cattani Brothers, Pete Cattani, Cerro Brothers, Emile Chevalier, W. H. Clendenen, Edgar Combs, Costa Farms, Costerisan Farms, Ocie Crawford, Marvin Cross, Frank Delfino, Paul W. Demkey, Destefani Brothers, John DeVries, Bill Duncan, Harry Eberle, Isadore J. Elcano, Pete Ermigarat, G. Errea, Manuel Espinola, Eyraud & Kastl, Adrien Eyraud, Joseph A. Eyraud, Angelo and Eugene Fanucchi, Dick Fanucchi, Edward Fanucchi, Frank Fernandez, Harold Fillmore, Joe C. Freitas, Forrest Frick, Kenmar Farm-Kenneth E. Frick, Felix Garrone & Frank Anderson, Frank and Jim Garone, Joe Garone, Mike C. Garone, T. Garzelli, Theresa Goetschalckx, Joe Goni, John Goulart, W. A. Green, S. C. Gunther, E. J. Handel, Jerry Handel, M. P. Hermitte, L. C. Hudek, Virgil Hupp, A. C. James, C.W. Johnson, Roy E. Johnson, Walter Johnson, A. H. Karpe, J. W. Lacy, V. C. Larsen, A. C. Lee, Paul Leonard, Dave LeQuieu, Adolph Limi, John Luhmann, Machado & Freitas, John Machado, Joe Madruga, Lewis Mahoney, Reno Marchette, Henry Marchetti, Frank O. Martin, C. J. McCaffrey, Johnnie Molatore, James O. Moore, F. F. Morgan, E. C. Mott, Andrew Nonini, Leon Ollivier, Frank Pacheco, Jr., Ralph Palla, James H. Pensinger, R. R. Pitney, Poncetta Brothers, Seraphim Pourroy, Louis Rambaud, Frank Ramos, Jeff Reyes, Simon Richaud, Frank Samora, Amerigo Sandrini, Fred Sandrini, Walton L. Simmons, E. B. Smith, C. J. Sneed, Stenderup Farms, August W. Suburu, Baptiste Suburu, Supertino Brothers, Pierre Villard, Juan Villicano, F. L. Vincent, Albert J. Williams, E. A. Yaksitch and Clifford Zachary.

William C. Bricca, David LaHue and C. V. Shawler, for the Commission staff.

APPENDIX B
Page 1 of 6

BUENA VISTA CANAL, INC.

Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The area served by the utility's canal system southwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot

For all water delivered \$3.70

SPECIAL CONDITIONS

1. Applications for water service under this schedule shall be made in accordance with the effective rules on file as part of these tariff schedules.
2. The minimum charge for delivery of water shall be for the delivery of two acre-feet per day.

APPENDIX B
Page 2 of 6

EAST SIDE CANAL COMPANY

Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The area served by the utility's canal system southeast of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot

For all water delivered \$6.00

SPECIAL CONDITIONS

1. Applications for water service under this schedule shall be made in accordance with the effective rules on file as part of these tariff schedules.
2. The minimum charge for delivery of water shall be for the delivery of two acre-feet per day.
3. Service under this schedule shall be available only during the regular irrigation season which is defined as the period March 15 to August 16, inclusive.

APPENDIX B
Page 3 of 6

THE FARMERS CANAL COMPANY

Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The area served by the utility's canal system south of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot

For all water delivered \$6.00

SPECIAL CONDITIONS

1. Applications for water service under this schedule shall be made in accordance with the effective rules on file as part of these tariff schedules.
2. The minimum charge for delivery of water shall be for the delivery of two acre-feet per day.

APPENDIX B
Page 4 of 6

KERN ISLAND CANAL COMPANY

Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The area served by the utility's canal system south of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot

For all water delivered \$3.35

SPECIAL CONDITIONS

1. Applications for water service under this schedule shall be made in accordance with the effective rules on file as part of these tariff schedules.
2. The minimum charge for delivery of water shall be for the delivery of two acre-feet per day.

APPENDIX B
Page 5 of 6

KERN RIVER CANAL AND IRRIGATING COMPANY

Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The area served by the utility's canal system northwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot

For all water delivered \$3.45

SPECIAL CONDITIONS

1. Applications for water service under this schedule shall be made in accordance with the effective rules on file as part of these tariff schedules.
2. The minimum charge for delivery of water shall be for the delivery of two acre-feet per day.

APPENDIX B
Page 6 of 6

STONE CANAL, INC.

Schedule No. 3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The area served by the utility's canal system southwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

	<u>Per Acre-Foot</u>
For all water delivered	\$6.00

SPECIAL CONDITIONS

1. Applications for water service under this schedule shall be made in accordance with the effective rules on file as part of these tariff schedules.
2. The minimum charge for delivery of water shall be for the delivery of two acre-feet per day.

APPENDIX C
Page 1 of 6

BUENA VISTA CANAL, INC.

Schedule No. 9C

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to all water service, other than measured irrigation service.

TERRITORY

The area served by the utility's canal system southwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Day

For any service under this schedule \$10.00

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only upon application made at least 48 hours in advance. Deliveries will be made in such quantities as may be available at the desired location.
2. Water supplied under this schedule will be untreated water from open canals, ditches, and conduits. The utility does not represent any water delivered hereunder to be potable, nor of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

APPENDIX C
Page 2 of 6

EAST SIDE CANAL COMPANY

Schedule No. 9C

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to all water service, other than measured irrigation service.

TERRITORY

The area served by the utility's canal system southeast of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Day

For any service under this schedule \$10.00

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only upon application made at least 48 hours in advance. Deliveries will be made in such quantities as may be available at the desired location.
2. Water supplied under this schedule will be untreated water from open canals, ditches, and conduits. The utility does not represent any water delivered hereunder to be potable nor of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

APPENDIX C

Page 3 of 6

THE FARMERS CANAL COMPANY

Schedule No. 9C

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to all water service, other than measured irrigation service.

TERRITORY

The area served by the utility's canal system south of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Day

For any service under this schedule \$10.00

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only upon application made at least 48 hours in advance. Deliveries will be made in such quantities as may be available at the desired location.
2. Water supplied under this schedule will be untreated water from open canals, ditches, and conduits. The utility does not represent any water delivered hereunder to be potable nor of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

APPENDIX C
Page 4 of 6

KERN ISLAND CANAL COMPANY

Schedule No. 9C

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to all water service, other than measured irrigation service.

TERRITORY

The area served by the utility's canal system south of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Day

For any service under this schedule \$10.00

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only upon application made at least 48 hours in advance. Deliveries will be made in such quantities as may be available at the desired location.
2. Water supplied under this schedule will be untreated water from open canals, ditches, and conduits. The utility does not represent any water delivered hereunder to be potable nor of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

APPENDIX C
Page 5 of 6

KERN RIVER CANAL AND IRRIGATING COMPANY

Schedule No. 9C

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to all water service, other than measured irrigation service.

TERRITORY

The area served by the utility's canal system northwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Day

For any service under this schedule \$10.00

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only upon application made at least 48 hours in advance. Deliveries will be made in such quantities as may be available at the desired location.
2. Water supplied under this schedule will be untreated water from open canals, ditches, and conduits. The utility does not represent any water delivered hereunder to be potable nor of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

APPENDIX C
Page 6 of 6

STINE CANAL, INC.

Schedule No. 9C

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to all water service, other than measured irrigation service.

TERRITORY

The area served by the utility's canal system southwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Day

For any service under this schedule \$10.00

SPECIAL CONDITIONS

1. Service under this schedule will be furnished only upon application made at least 48 hours in advance. Deliveries will be made in such quantities as may be available at the desired location.
2. Water supplied under this schedule will be untreated water from open canals, ditches, and conduits. The utility does not represent any water delivered hereunder to be potable nor of a quality suitable for human consumption. Any customer who uses said water or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.

APPENDIX D
Page 1 of 6

BUENA VISTA CANAL, INC.

Schedule No. 9Y

WATER TRANSPORTATION SERVICE

APPLICABILITY

Applicable to the service of transporting water through the utility's canal system for other public utilities, governmental agencies or private interests, other than by a duly authorized contract.

TERRITORY

The area served by the utility's canal system southwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot
Per Mile

For all water belonging to others transported as an accommodation, measured at point of delivery	\$0.10
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SPECIAL CONDITIONS

1. The distance that water is transported shall be measured along the utility's canal from the point of diversion of customer's water into the utility's canal to the point at which such water is delivered from its canal by the utility.
2. The utility will do everything reasonable to minimize transmission losses but it shall not be held liable for such losses in any manner.

APPENDIX D
Page 2 of 6

EAST SIDE CANAL COMPANY

Schedule No. 9Y

WATER TRANSPORTATION SERVICE

APPLICABILITY

Applicable to the service of transporting water through the utility's canal system for other public utilities, governmental agencies or private interests, other than by a duly authorized contract.

TERRITORY

The area served by the utility's canal system southeast of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot
Per Mile

For all water belonging to others transported
as an accommodation, measured at point of
delivery \$0.10

SPECIAL CONDITIONS

1. The distance that water is transported shall be measured along the utility's canal from the point of diversion of customer's water into the utility's canal to the point at which such water is delivered from its canal by the utility.

2. The utility will do everything reasonable to minimize transmission losses but it shall not be held liable for such losses in any manner.

APPENDIX D
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THE FARMERS CANAL COMPANY

Schedule No. 9Y

WATER TRANSPORTATION SERVICE

APPLICABILITY

Applicable to the service of transporting water through the utility's canal system for other public utilities, governmental agencies or private interests, other than by a duly authorized contract.

TERRITORY

The area served by the utility's canal system south of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot
Per Mile

For all water belonging to others transported as an accommodation, measured at point of delivery	\$0.10
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SPECIAL CONDITIONS

1. The distance that water is transported shall be measured along the utility's canal from the point of diversion of customer's water into the utility's canal to the point at which such water is delivered from its canal by the utility.
2. The utility will do everything reasonable to minimize transmission losses but it shall not be held liable for such losses in any manner.

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KERN ISLAND CANAL COMPANY

Schedule No. 9Y

WATER TRANSPORTATION SERVICE

APPLICABILITY

Applicable to the service of transporting water through the utility's canal system for other public utilities, governmental agencies or private interests, other than by a duly authorized contract.

TERRITORY

The area served by the utility's canal system south of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot
Per Mile

For all water belonging to others transported as an accommodation, measured at point of delivery	\$0.10
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SPECIAL CONDITIONS

1. The distance that water is transported shall be measured along the utility's canal from the point of diversion of customer's water into the utility's canal to the point at which such water is delivered from its canal by the utility.
2. The utility will do everything reasonable to minimize transmission losses but it shall not be held liable for such losses in any manner.

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KERN RIVER CANAL AND IRRIGATING COMPANY

Schedule No. 9Y

WATER TRANSPORTATION SERVICE

APPLICABILITY

Applicable to the service of transporting water through the utility's canal system for other public utilities, governmental agencies or private interests, other than by a duly authorized contract.

TERRITORY

The area served by the utility's canal system northwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot
Per Mile

For all water belonging to others transported
as an accommodation, measured at point of
delivery \$0.10

SPECIAL CONDITIONS

1. The distance that water is transported shall be measured along the utility's canal from the point of diversion of customer's water into the utility's canal to the point at which such water is delivered from its canal by the utility.
2. The utility will do everything reasonable to minimize transmission losses but it shall not be held liable for such losses in any manner.

APPENDIX D
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STONE CANAL, INC.

Schedule No. 9Y

WATER TRANSPORTATION SERVICE

APPLICABILITY

Applicable to the service of transporting water through the utility's canal system for other public utilities, governmental agencies or private interests, other than by a duly authorized contract.

TERRITORY

The area served by the utility's canal system southwest of, and in the vicinity of, the City of Bakersfield, Kern County.

RATE

Per Acre-Foot
Per Mile

For all water belonging to others transported
as an accommodation, measured at point of
delivery

\$0.10

SPECIAL CONDITIONS

1. The distance that water is transported shall be measured along the utility's canal from the point of diversion of customer's water into the utility's canal to the point at which such water is delivered from its canal by the utility.

2. The utility will do everything reasonable to minimize transmission losses but it shall not be held liable for such losses in any manner.

APPENDIX E

The Table of Contents, Preliminary Statement, Tariff Service Area Map and Rules set forth in Exhibit No. 29 in this proceeding are specifically approved or modified as follows:

Table of Contents

Under "Rate Schedules", each applicant to include an appropriate list of schedules filed as authorized herein.

Under "Sample Forms", each applicant to list all such sample forms normally used in connection with customers' services.

Preliminary Statement

Under "A. Territory Served by the Utility", each applicant to fill in an appropriate description.

Tariff Service Area Map

Each applicant to include a map acceptable to the Commission and in conformity with the provisions of General Order No. 96.

Rules Nos. 1 and 2

Approved without change.

Rule No. 3

Revise Section A.1.b to read: "Location of premises to be served and point of delivery."

Add to Section A.2 another sentence: "An application may remain in effect until terminated or amended or until there has been a change of owner or tenant of premises served."

Rules Nos. 4, 5, 6, 7 and 8

Approved without change.

Rule No. 9

Add to Section B another sentence: "Bills will be delinquent thirty days after presentation and interest at the rate of 5% per annum will be charged on all delinquent payments."

Rule No. 10

Approved without change.

Rule No. 11

Add to Section C.1 another subparagraph: "e. If, in the judgment of the utility, the loss which would be incurred in delivery of the water would be excessive and would be detrimental to other customers."

Rules Nos. 12, 13, 14, 15, 16, 17 and 18

Approved without change.