STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD

ORDER AFFIRMING DECISION 1618
AND DENYING PETITIONS FOR RECONSIDERATION

BY THE BOARD:

1.0 INTRODUCTION
The Board having adopted Decision 1618 on April 7, 1988; the Board
having received timely petitions for reconsideration from John Hancock
Mutual Life Insurance Company and Pacific Gas and Electric Company;
the Board having duly considered the petitions; the Board finds as
follows:

2.0 BASES FOR RECONSIDERATION
Pursuant to the Board's regulation at 23 CCR Section 768, a petition
for reconsideration may be made upon any of the following causes:
a. Irregularity in the proceedings, or any ruling, or abuse of discretion, by which the person was prevented from having a fair hearing;

b. The decision or order is not supported by substantial evidence;

c. There is relevant evidence which, in the exercise of reasonable diligence, could not have been produced;

d. Error in law.

A review of Hancock's petition suggests that it can fairly be construed as being based on three of the above causes, listed as a., c., and d. Hancock has alleged eleven separate causes in support of its petitions. These are discussed individually below.

PG&E's petition alleges two causes, error of fact and error of law, regarding the determination that upper Cedar Creek and Tule Lake Reservoir are not in hydraulic continuity with the Pit River watershed except in times of high water flows.

3.0 HANCOCK'S PETITION

3.1 The Proper Test

Hancock asserts that the Board based Decision 1618 on "historic use", and that the proper test (for deciding whether an application should be approved, presumably) is "beneficial use".

We note at the outset that Hancock apparently is defining the terms "historical use" and "beneficial use" differently than we have defined...
them. The differences are addressed at more length below. Hancock's redefinition of these terms tends to obscure the issues. Apparently Hancock is advancing the concept of beneficial use as a singular determinant of whether a particular application should be approved when it is competing with other applications. Hancock is ignoring the requirements that before an application can be approved, the Board must find that it will best conserve the public interest (Water Code §§ 1253, 1255), and that all uses of water must be reasonable, as well as beneficial, under Article X, § 2 of the California Constitution. Apparently Hancock considers the Jones-Novy uses not to be beneficial. As we found in Decision 1618, all of the uses of water proposed in this proceeding are beneficial uses. Further, they are all very similar uses. No evidence has been presented, for example, that shows that Hancock's irrigation of crops will produce a benefit while irrigation of crops by the Jones-Novy permittees will not produce a benefit.

Instead of confining ourselves to Hancock's concept of beneficial use, we applied the requirement that all uses of water must be both reasonable and beneficial. We explicitly considered the proposed beneficial uses of the water in reaching our conclusions in Decision 1618. To ensure that water would be beneficially used and not divided among so many places of use as not to be useful, we elected not to divide the safe yield of Tule Lake Reservoir between the two sets of applicants. (Decision 1618, page 21.) Likewise, in deciding between the two sets of applicants, we considered the relative ability of Hancock and the permittees to beneficially use the available water, and
concluded that their proposed beneficial uses were approximately equal. (Decision 1618, page 30.) As we held in Decision 1618, the primary test for deciding whether to approve an application to appropriate water is whether the proposed appropriation will best conserve the public interest.

However, we did not ignore the necessity that the water be beneficially used; rather we found that the procedure we used, in jointly considering the applications and comparing them, would result in the water being put to beneficial use to the fullest extent of which it is capable. (See Decision 1618, p. 26.)

Because the primary measure of whether an application should be approved is whether it will best conserve the public interest, we analyzed the record with reference to the various determinants of the public interest which were raised to the Board during the hearing. These included the purpose of the Tule Lake Reservoir System, historical use of the water, the relative needs of the applicants, the availability of alternative supplies of water to each of the applicants, and environmental considerations. We considered beneficial use in our discussion of the relative needs of the applicants. However, rather than giving it the status of the singular determinant, which would be improper, we considered it as one of several factors which are components of the public interest.

Hancock argues that our consideration of historical use of the water as one of several components leading to a determination of the public interest conflicts with the California Supreme Court's decision in
People v. Shirokow (1980) 26 Cal.3d 301, 162 Cal.Rptr. 30, 605 P.2d 859. Mr. Shirokow had illegally used water for more than fifteen years and claimed a prescriptive right to appropriate the water. The Court held that water could be appropriated only by complying with the process set forth in Division 2 of the Water Code. Consequently, Mr. Shirokow was required to file an application to appropriate water and comply with the Board's process before he legally could divert and use water. After the decision, Mr. Shirokow filed his application and in due course received a permit to appropriate water. Like Mr. Shirokow, none of the applicants, including Hancock, had a right to appropriate the unappropriated water from Tule Lake Reservoir and upper Cedar Creek without a permit from the Board. However, this is as far as the similarity goes. The Jones-Novy applicants in this case are not trying to maintain a diversion and use without a permit; rather, they have provided evidence why they should be granted a water right permit. As the Jones-Novy permittees have used the term "historical use", it means a long-standing diversion and use in the service area by themselves and their neighbors under the belief that they had pre-1914 appropriative rights, and it means a long-term reliance on the diversion and use of water. It does not mean, as Hancock uses it in reference to the Shirokow case, an illegal diversion and use of water in disregard of the law and the rights of other people. As soon as the Jones-Novy permittees were aware of the lack of rights to the water, they filed applications. The fact that the water has historically been used exclusively in the northern
Madeline Plains is evidence that a continuation of this place of use would best serve the public interest.

By way of contrast, the illegal use of water by Hancock in its Alturas place of use for nine years in the face of continual litigation over Hancock's use of water in that place of use, is not the sort of use under which a new user of water can assert a historical reliance on the use of water in the new place of use.

Hancock further argues that Ratliff's place of use should not include Sections 10 and 15 because in a Board staff document in an adjudication of the remaining pre-1914 rights, it is stated that no pre-1914 right existed on 145 acres in those sections. However, we note that the same document recognized a pre-1914 right to use 600 acre-feet within those sections. The land nevertheless was then and is now within the northern Madeline Plains where water historically has been used. Further, the fact that we found in the adjudication that no pre-1914 right continued to attach to 145 acres in those sections does not mean that water has not historically been used there legally. Nor does the lack of a pre-1914 right mean that no modern appropriative right ever can attach to the land. To accept Hancock's argument would forever preclude the opportunity to augment water rights by legal means.

3.2 Order of Consideration of Applications

Hancock argues that its applications should have been considered in advance of any consideration of the applications of the Jones-Novy permittees, rather than in a joint proceeding on all of the competing applications. Apparently, the basis of Hancock's assertion is that it
filed its applications more than two years before the competing applications were filed. However, an adjudication of the rights to the water of Tule Lake Reservoir was ongoing at that time. Until the adjudication was concluded and the court's decree entered, the availability of water could not be determined because it was unknown how much water was already under existing water rights.

Hancock's attorney questioned the joint proceeding in a letter dated September 24, 1986. The Board's counsel responded, and advised Hancock's attorney that consideration of Hancock's applications before the decree was entered would have been premature, because of uncertainty whether water would be available for appropriation. Further, counsel noted that all of the applications had become ripe for consideration near the same time, and that it was most efficient to consider them at one time. The Board's counsel pointed out to Hancock's attorney that this type of procedure has been approved by the courts for competing applications for the same water, and that while a priority of application date may carry through into a permit after a proceeding, the public interest is the primary statutory standard guiding the Board. The Board's counsel stated:

"With all of the applications before the Board in the same proceeding, the Board can most readily decide which applications are best supported by the public interest, considering all the circumstances, and can decide how much water should be authorized for diversion and use under each application."

If Hancock interpreted this as assurance that it would be granted a water right and granted the highest priority, Hancock was mistaken. No such assurance could be given at that time.
Finally, we note that Hancock did not file its petition for change of place of use, adding the southern Madeline Plains as a place of use, until shortly before the hearing. This filing was well after the permittees filed their applications, and is junior in priority to the permittees' applications. This late filing shows not only that Hancock was not ready before the permittees to have its applications considered, but also that if the Board were to grant permits considering only the order of priority of filings by Hancock and the permittees on the Madeline Plains -- which Hancock advocates -- the permittees would have prevailed in a choice between the northern and southern Madeline Plains.

Under the circumstances, consideration of Hancock's application in advance of any consideration of the Jones-Novy applications would not only have ignored the competing posture of all of the applications, it would have given Hancock a potentially insurmountable advantage over the Jones-Novy applicants who had been operating under a recognizable claim of right for many years before Hancock commenced its diversion to the Alturas area in 1977, triggering the adjudication and subsequently these competing applications. It would not be just to reward Hancock for its illegal diversions by giving Hancock an advantage over the other applicants.

Diligent Use of Water

Hancock argues that our consideration of the historical use of the water as a factor in deciding in which places of use the water will
best be developed, conserved, and utilized in the public interest, is a violation of the requirement that the use of water for beneficial purposes be prosecuted with due diligence. Hancock argues that consideration of this factor allows the permittees 82 years, since 1910, to prove up their use of water and get a water right. In making this argument, Hancock assumes that the permittees or their predecessors in interest were granted a permit in 1915, and have been trying to prove it up ever since. This assumption is patently ridiculous. We are dealing with water that likely was held under a valid water right at some time in the past, to which the right has since been forfeited by nonuse by the previous water right holder. The permittees, therefore, are new appropriators of water. They have not established whether they, specifically, used water in the amounts now permitted before Hancock's predecessor commenced diverting water to the Alturas area in 1977; nor do they need to. We considered historical use primarily to help us decide which general area is the appropriate place of use for the water. We have determined that the northern part of the Madeline Plains is the appropriate general place of use.

In Decision 1518 we allowed the permittees four years to complete their use of water and put it to beneficial use. This is the standard period that we allow for all permits unless evidence exists in the record to require a different period. Further, since Hancock was diverting much of the available water illegally since 1977, it is reasonable to allow the permittees a standard period of time to establish or reestablish their uses of water under the permits.
3.4 Historical Use by the Permittees

Hancock argues that no evidence is in the record that the permittees individually have used this water on the lands to which they propose to apply the water. This allegation is correct, but irrelevant. Our decision is based on a determination that the northern Madeline Plains, considering all the evidence, is the appropriate place of use. As we stated above in Part 3.3, we granted the permittees' applications because they are within the appropriate place of use. No other applicants were substantially within the place of use. While a fraction of Hancock's Madeline Plains holdings is north of Brockman Road, we did not allocate it water for the reasons stated in Decision 1618, to wit, the land has not been irrigated recently from Tule Lake Reservoir, it has an alternative source of water, and it has not been proposed by Hancock as a separate place of use.

3.5 The Relationship Between Decision 1618 and the Latest Adjudication

Hancock argues that Decision 1618 is a reopening of the adjudication that was completed in 1986, and that a reopening of the adjudication is unlawful and improper.

We find that Decision 1618 is not a reopening of the adjudication; rather, it is a subsequent and separate proceeding on issues that were not a part of the adjudication and could not be considered therein. The adjudication was limited to a determination of the then-existing rights to the waters of the Tule Lake Reservoir System. No applications for new rights could be considered as part of the adjudication. Rather, the Board and the court decided what pre-1914...
water rights still existed. These rights added up to an amount that was less than the safe yield of the reservoir system.

By contrast, Decision 1618 represents a consideration of applications for the surplus water after the adjudication was completed. The adjudication in no way forecloses consideration of subsequent applications to appropriate unappropriated water to supplement the use of water in the same or nearby places of use as were recognized in the adjudication. If, as Hancock suggests, adjudicated right holders were forever precluded from obtaining supplemental supplies because they have limited adjudicated rights, the results could be very onerous.

3.6 Extent of the Place of Use in the Madeline Plains

Hancock argues that we have incorrectly defined the historical place of use in the Madeline Plains, and that it should be expanded into the area south of Brockman Road. Hancock alleges that it has evidence, in the form of a book published in 1982, that indicates a larger place of use in the Madeline Plains for Tule Cake Reservoir water. Hancock argues that it did not have an opportunity to present evidence on historical use of water before, and that the Board should reopen the hearing to receive that evidence. Hancock also points out that the 1983 Report on Tule Cake Reservoir System Adjudication shows the west side canal extending 2-1/2 miles south of Brockman Road. Hancock argues that this is evidence of an original intended place of use south of Brockman Road.

Hancock acknowledges that the record supports a finding that historical use of water from Tule Lake Reservoir took place only north
of Brockman Road, based on the recollection of Mr. Olsen. Neverthe-
less, Hancock wishes to submit the book and additional testimony on
this point for the adjudicatory record of Decision 1618. However, the
book does not support Hancock's position that the area south of
Brockman Road ever received irrigation water from Tule Lake Reservoir.

By alleging that it has additional evidence that it did not have the
opportunity to submit previously, Hancock attempts to establish a
basis for reconsideration under the Board's regulation at '23 Cal. Code
of Regulations Section 768(c). ("There is relevant evidence which, in
the exercise of reasonable diligence, could not have been produced.")

However, the Notice of Hearing, in its attachment describing the Scope
of Hearing, specifically lists as an issue the following:

"3. Is the public interest served by the use of the
waters of the Tule Lake Reservoir System in the
historical place of use on the Madeline Plains?"

Since this question was a part of the notice, it can be no surprise
that we considered it, and that evidence was invited regarding it.
Consequently, we find that the evidence now proffered could, in the
exercise of reasonable diligence, have been produced in the hearing.
Additionally, Hancock was given the opportunity to rebut the Jones-
Novy testimony during the hearing. Further, the book, since it is a
hearsay account of other hearsay, could not be used by itself as the
basis for a finding.
Finally, we note that in the 1983 Report of Adjudication it was found that the West Side Canal had been extended after 1954 to its current length, apparently with a bulldozer. The fact it was extended gives no support to Hancock's argument that the canal's length is evidence that the original intent was to use water south of Brockman Road.

### 3.7 Availability of Alternative Water Sources as a Consideration

Hancock argues that it is unreasonable and unfair of the Board to consider the availability of alternative sources of water in deciding in the public interest where the water should be put to beneficial use.

We disagree with Hancock on this point. The availability of alternative sources of water is a frequent and important public interest consideration in our decisions on water right matters. In this case, it obviously is important. The permittees, as we found in Decision 1618, have no feasible alternative water supply for agricultural uses. Hancock, on the other hand, has adequate water supplies in the southern Madeline Plains and has some firm water supplies plus the availability of additional supplies for its place of use south of Alturas. While uncertainty exists as to the reliability and quantities of the alternative supplies south of Alturas, Hancock has feasible alternatives while the permittees do not. The availability to Hancock of other supplies, together with the historical place of use of the water and the original purpose of the Tule Lake Reservoir System, impels our conclusion that, among the applicants, the Jones-Novy permittees should have the permitted water rights.
Hancock argues that we should find that the Jones-Novy permittees have a feasible alternative water supply based on Hancock's assertion that a potential exists for ground water supplies in the northern Madeline Plains. This invites speculation and is contrary to past experience with wells in that area. Instead of speculating, we have based our decision on the actual evidence in the record.

3.8 Case Law Precedents

Hancock argues that the historical use of water should not be considered as a factor in deciding which applications to approve in the public interest, because none of the reported court decisions on public interest involve historical use.

We find that historical use is properly a factor in this case. The public interest is a broad concept which encompasses all factors which are relevant to a water allocation decision under Water Code Sections 1253 and 1255. In this unique case, historical use is an obvious factor.

3.9 Environmental Considerations

Hancock challenges the accuracy of the Environmental Impact Report (EIR) with regard to Hancock's places of use and of our use of the EIR in Decision 1618. Hancock requests that we reopen the hearing on the applications and take further testimony on the environmental impacts of use of water at its proposed place of use south of Alturas. Hancock suggests, for the first time that its proposed place of use in the southern Madeline Plains could be reduced to exclude 4500 acres of environmentally sensitive wetlands.
Based on the information upon which the EIR is based, we find that it accurately analyzes the environmental effects of the use of water in Hancock's proposed places of use. Hancock has had three opportunities to comment on the EIR and to submit material for it, in addition to providing information prior to its preparation. All of the comments and submitted material have been considered and responses have been included in the EIR. The recently submitted material does not adequately support the conclusions Hancock seeks to advance as to the reasons for recent increases in the antelope herd near Alturas, and does not contradict the literature and other sources used in preparing the EIR. The fact that the EIR does not reach conclusions that Hancock would like is not a good reason to change it.

However, Hancock's disagreements with the EIR's conclusions regarding the Hancock places of use are misplaced as they apply to our conclusions in Decision 1618. In Decision 1618, while we considered environmental effects as a factor in deciding which applications should be approved, we did not conclude that this factor favored either the permittees or Hancock. Rather, we relied on three factors to conclude that the public interest would be best served by granting the applications filed by the Jones-Novy applicants. These factors were the purpose of the Tule Lake Reservoir System, historical use of the water, and the unavailability to the Jones-Novy permittees of alternative water sources. See Decision 1618, page 32. Although we considered the environmental effects, we did not rely on a comparison of environmental effects or on the information in the EIR regarding Hancock's places of use to decide that Hancock's applications should not be approved.
Since Hancock's applications were denied based on non-environmental factors, no need would exist to revisit the EIR even if it contained no information about the environmental effects of Hancock's applications. Under Public Resources Code Section 21080(b)(5), no environmental documentation whatsoever is required for a project which is rejected or disapproved. Since Hancock's applications are denied, it follows that the discussion of Hancock's applications in the current EIR is unnecessary and that a further hearing to receive supplemental information for the Hancock parts of the EIR would be a useless act.

3.10 Public Interest in Use of Water in the Place of Use Near Alturas
Hancock asserts that the Board has given no consideration to whether a place of use other than the Madeline Plains would be supported by the public interest, and argues that the public interest favors its place of use south of Alturas.

Hancock is incorrect in asserting that we have not considered the public interest of using the water in a place of use other than the Madeline Plains. The relative public interest of using water from Tule Lake Reservoir in the place of use south of Alturas, in the Madeline Plains north of Brockman Road, and in the Madeline Plains south of Brockman Road was the subject of an extensive public interest discussion in Decision 1618. See pages 26 through 32.
To support its argument that the public interest favors the place of use south of Alturas, Hancock submits a resolution of the Board of Supervisors of Modoc County, in which it is requested that Hancock's petition for reconsideration and applications be granted, based on the value to the tax base of that county of Hancock's parcel being irrigated.

We recognize that irrigated land in Modoc County contributes more to the economy than dry land. However, this can also be said of irrigated land in Lassen County, where the Madeline Plains places of use are located. Further, the source stream, upper Cedar Creek, is in Cassen County, as is the point of diversion at Tule Lake Reservoir. Consequently, Modoc County does not speak as the county in which the water is diverted. Nor is it making a recommendation between competing uses in different parts of its own jurisdiction.

Contrary to Hancock's suggestion that the full yield of Tule Lake Reservoir has not been placed to beneficial use in the northern Madeline Plains in the past 70 years, we have evidence that it has been beneficially use there. Consequently, we are not persuaded by Hancock's argument.

3.1 Hancock's Accusation of Bias

Hancock accuses the Board of bias in its denial of Hancock's applications in favor of the Jones-Novy permittees.

We already have thoroughly discussed most of the points which Hancock raises in its accusation. However, we have not extensively discussed the environmental points because we did not deny Hancock's
applications based on environmental considerations. Nevertheless, we reiterate our findings in Decision 1618 and in the EIR that the Madeline Plains, since it is antelope summer range, can be developed for alfalfa without adversely affecting the antelope. We found that in the place of use south of Alturas, which is antelope winter range, there may be adverse effects on the antelope during more severe winters. Further, we found that the southern Madeline Plains, since it is low land and contains at least 4500 acres of wetlands, is important to waterfowl. We also found that the mitigation measures discussed in the EIR for these lands may be inadequate to mitigate the contemplated development of the area, but any remaining significant impacts may not be attributable to Hancock's applications discussed herein. For the other applications, we likewise made site-specific findings. These findings do not represent a bias, but rather an individual assessment of each proposed use of water.

Based on the above discussion, Decision 1618, and the EIR, we find Hancock's accusation utterly unfounded.

4.0 PG&E'S PETITION

4.1 Factual Assertions

PG&E's first cause for requesting reconsideration is its various disagreements with our findings of fact in Decision 1618. First, PG&E asserts that we found that the dam is a natural containment because the water flows parallel to it. This is a misconstruction of the referenced finding. Here, we were discussing the course of the creek.
not the dam. We found that the current course of the creek is permanent and long continued, requires no maintenance, and puts upper Cedar Creek in the watershed of Tule Lake. This means that the course of the creek has achieved the status of a natural condition. The statement quoted by PG&E from the staff analysis regarding the dam does not contradict our finding. When the water in Tule Lake Reservoir rises enough, the dam holds the water back. However, the status of the dam is the subject of another paragraph in our findings.

Second, PG&E asserts that a sentence in our discussion at page 14 of Decision 1618, regarding the natural course of Cedar Creek, is in error. PG&E has taken this sentence out of context. The important finding, as we stated in Decision 1618, is the one repeated above, that the course of the creek is permanent and long continued, requires no maintenance, and puts upper Cedar Creek in the watershed of Tule Lake. The finding PG&E alleges to be conflicting, set forth in the "1983 Report on Tule Lake Reservoir System Adjudication", page 1-1, is general and introductory in nature. In the report of adjudication the question was not before us to decide in which watershed upper Cedar Creek and Tule Lake Reservoir are located. In Decision 1618, this question was before us for the first time as a necessary issue. Therefore, no conflict exists between the adjudication and Decision 1618.

Finally, PG&E refers to its previous letters challenging our findings of fact. We have reviewed our findings in Decision 1618 and herein find them correct.
4.2 Alleged Errors of Law

First, PG&E disagrees with our application of the doctrine described in Chowchilla Farms, Inc. v. Martin (3.933.) 219 Cal. 1. However, we find that Decision 3.618 is an appropriate application of the doctrine. Because PG&E has no claim to the waters of upper Cedar Creek in most years, and has no reasonable claim in wet years, PG&E is not harmed by the diversions. We note in regard to our application of the Chowchilla doctrine that the facts of this case are extremely unusual and, to our knowledge, unique. We reached our conclusion by applying the case law to these unique facts. It should not be expected that another case like this will arise or that the rights of water users downstream from alleged tributary streams will be made more uncertain by this decision.

Second, PG&E disagrees with our consideration of the "historical intent" of the Tule Lake Reservoir System. This consideration is set forth at page 77 of Decision 1618, in finding 7.3.2.1, regarding the distribution of water between Hancock and the Jones-Novy applicants. It was not a factor in our consideration of PG&E's protest; rather, it was a factor in deciding between the applicants once we had determined that water was available for appropriation by the applicants. Consequently, it is irrelevant to PG&E's petition for reconsideration.

Third, PG&E asserts that we have ignored the priority of its Water rights. This is incorrect. We have given full and careful consideration to PG&E's rights and to all rights which, under the law, have seniority for the use of water from upper Cedar Creek and Tule Lake Reservoir. In this case, as we stated above, a unique factual
situation exists, such that no hydraulic continuity exists during most years between upper Cedar Creek and the Pit River. In wet years, when continuity could exist, PG&E would have no use for the water.

Finally, PG&E in its conclusions suggests that water should be stored for it in Tule Lake Reservoir, for PG&E's use in seasons when the water would not naturally flow. In order to obtain a right to use water stored in Tule Lake Reservoir for use in a season when it would not naturally flow, however, PG&E would required a permit to store water in the reservoir. PG&E does not have, and has not applied for, such a permit.

5.0 CONCLUSION

We conclude that Decision 3.618 was regularly and fairly decided; that it is supported by substantial evidence in the record; that there is not additional relevant evidence which in the exercise of reasonable diligence could not have been produced in the hearing; and that it is legally correct. Consequently, the petitions for reconsideration should be denied.
ORDER

NOW, THEREFORE, IT IS ORDERED that Decision 1618 is affirmed and that the petitions for reconsideration filed by John Hancock Mutual Life Insurance Company and Pacific Gas and Electric Company are denied.

CERTIFICATION

The undersigned, Administrative Assistant to the Board, does hereby certify that the foregoing is a full, true, and correct copy of an order duly and regularly adopted at a meeting of the State Water Resources Control Board held on June 16, 1988.

AYE:  W. Don Maughan
       Danny Walsh
       Edwin H. Finster

NO:   Darlene E. Ruiz
       Eliseo M. Samaniego

ABSENT: None

ABSTAIN: None

Maureen Marche'
Administrative Assistant to the Board