

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application )  
of FAIRVIEW LAND & WATER COMPANY )  
and LAKE HEMET WATER COMPANY for )  
an order authorizing Fairview Land )  
& Water Company to lease to Lake )  
Hemet Water Company certain water )  
rights of Fairview Land & Water )  
Company, in Riverside County, )  
State of California. )

Application No. 1843.

Oscar Lawler, James E. Degnan, W. A. Purington,  
Hugh H. Craig and William Collier for  
Fairview Land & Water Co. and Lake Hemet  
Water Company.  
Hunsaker & Britt, by Joseph L. Lewinsohn,  
for Claude L. Hart..

BY THE COMMISSION.

O P I N I O N.

Fairview Land & Water Company and Lake Hemet Water Company petition for an order of the Railroad Commission authorizing the former company to lease to the latter its rights in and to certain waters for irrigation and domestic uses, the waters affected being certain waters of the San Jacinto River and certain tributaries thereto in the County of Riverside, State of California. Both corporations are controlled by W. F. Whittier.

Fairview Land & Water Company is the owner of 1714 acres of land situated in San Jacinto Valley, Riverside County, California, and as such is in control of approximately 17/20 of the waters riparian to what is known as the Fairview Tract. This water is derived from certain tributaries of the San Jacinto River known as North Fork and Strawberry Creek, and from the San Jacinto River below the diversion dam of Lake Hemet Water Company on its South Fork.

During the last two years, Fairview Land & Water Company has leased its waters to Lake Hemet Water Company for an annual rental of \$100.00.

The petition alleges that the water of Fairview Land & Water Company is necessary to Lake Hemet Water Company in its business as a public utility.

The hearing herein was combined with the hearing in Application No. 1842, being an application of Lake Hemet Water Company for authority to increase its rates for water sold for domestic and irrigation purposes. It was stipulated at the hearing that the evidence might be considered in either application in so far as competent.

A form of the proposed lease from Fairview Land & Water Company to Lake Hemet Water Company is attached to the petition herein as Exhibit "E". The lease provides, in part, that Fairview Land & Water Company shall lease all its water to Lake Hemet Water Company and shall deliver the same through the water system of Fairview Land & Water Company into the distributing system of Lake Hemet Water Company. Fairview Land & Water Company agrees to operate and maintain its water system at its own cost and expense in a manner sufficient and adequate for the delivery of water into the distributing system of Lake Hemet Water Company. The lease provides for an annual rental of \$8,000.00.

Claude M. Hart, an owner of land in the Fairview Tract, appeared herein and protested against the granting of the petition on the ground, principally, that if the water purchased by Lake Hemet Water Company should be taken from the Fairview Tract and sold elsewhere, this action would operate to the detriment of the further development of holdings in the Fairview Tract, and consequently to the detriment of the lands of Hart and others.

Subsequent to the submission of this proceeding an agreement was entered into between Fairview Land & Water Company and the remaining owners of lands in the Fairview Tract, being known as the owners of the 3/20 interest, under which agreement the owners of the 3/20 interest will convey their water rights to Lake Hemet Water Company in return for an agreement on the part of Fairview Land & Water Company that it will hereafter make diligent effort to improve and market the lands owned by it in the Fairview Tract. All the lands of the Fairview Tract, including the lands owned by the owners of the 3/20 interest, are to be hereafter served by Lake Hemet Water Company at the company's regular rates.

The consummation of this agreement between the owners of the so-called 3/20 interest of the Fairview Tract and the corporations controlled by Mr. Whittier, will adjust a difficulty which has been the cause of much litigation. The development and improvement of Mr. Whittier's interest in the Fairview Tract, together with the development of an adequate water supply therefor, will greatly add to the resources of the San Jacinto Valley. Petitioners herein suggest that the rental to be paid by Lake Hemet Water Company to Fairview Land & Water Company shall be \$8000.00 per year.

We are unable from the evidence herein to determine whether the water system owned by Fairview Land & Water Company is to be operated by Fairview Land & Water Company or by Lake Hemet Water Company. In the absence of such information, we are unable at this time to determine whether the rental of \$8000.00 suggested by the parties is or is not reasonable.

It also occurs to us that in view of the arrangements which have been made by which Lake Hemet Water Company is to secure the water rights of the 3/20 interest, the parties may desire to complete the transaction by transferring the <sup>entire water</sup> property

of Fairview Land & Water Company to Lake Hemet Water Company, in which event there would be no necessity of entering into the lease.

The rates which we are this day authorizing Lake Hemet Water Company to charge (Application 1842) include a return on the fair value of the water property of Fairview Land and Water Company, a depreciation annuity and maintenance and operating expenses for the property.

If the parties desire to consummate the lease, they may present the necessary additional information which will be required before the amount of the rental can be determined and the Railroad Commission's final authority secured.

### O R D E R

FAIRVIEW LAND & WATER COMPANY having applied for an order authorizing the lease of its water rights to Lake Hemet Water Company, Lake Hemet Water Company having joined in the application, public hearings having been held, briefs having been filed and this proceeding being ready for decision,

IT IS HEREBY ORDERED that Fairview Land & Water Company be and the same is hereby authorized to lease its water and water rights to Lake Hemet Water Company, provided that Fairview Land and Water Company shall first have submitted to the Railroad Commission the additional information necessary to enable the Railroad Commission to determine the fair rental to be paid by Lake Hemet Water Company to Fairview Land & Water Company and shall have secured from the Railroad Commission a supplemental order approving the form of lease.

Dated at San Francisco, California, this 21st day of October, 1916.

Max Thelen  
H. D. Loveland  
Oliver J. Brown  
Edwin C. Edgerton  
Frank H. Colver  
Commissioners.