

ORIGINAL

Decision No. 420

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of
the South Antelope Valley Irrigation
Company to sell, and the Palmdale
Water Company to purchase, a certain
water system and appurtenances, situa-
ted in the Antelope Valley, in Los
Angeles County, California.

Application No. 319.

W. C. Petchner for the Palmdale Water Company.

Donald Barker for the South Antelope Valley
Irrigation Company.

EDGERTON, COMMISSIONER.

O P I N I O N

This is an application for an order authorizing the South Antelope Valley Irrigation Company to sell and the Palmdale Water Company to purchase, a water system and appurtenances, situated in the Antelope Valley, Los Angeles County, California, for the price of \$75,000, and other considerations.

The South Antelope Valley Irrigation Company now owns about 10 miles of canal extending from Little Rock Creek to the reservoir near the Town of Palmdale, in Los Angeles County, and about 15 miles of lateral and distributing ditches and water rights, real estate, etc., a description of all of which is set out in Exhibit A, attached to the application herein. This irrigation system was built about 1896 and thereafter operated until 1904, when operation ceased, and since then, and for the last 8 years, it has been idle.

It is proposed that the Palmdale Water Company purchase this property for the sum of \$75,000, payable in installments, and other considerations. Among these considerations are: That

the Palmdale Water Company has commenced and will continue to repair and improve said water system so as to put the same in first class condition for a continuous seasonal irrigation of at least 2000 acres of land. Such repairs and betterments to cost not less than \$15,000.

The Palmdale Water Company is capitalized for \$200,000 of common stock, divided into 2000 shares of the par value of \$100 each, none of which stock has been issued, except 5 shares thereof to qualify directors. It is proposed by this company to expend \$100,000 on this irrigation system, in addition to the purchase price, and it is expected that these funds will be realized from sale of stock to be made later. The corporation at present has no indebtedness other than that created by the contract of purchase, above referred to.

It is apparent that this scheme is a meritorious one, as it revives an irrigation project long dormant, and which should, upon being improved and operated, bring great benefit to lands now without water.

However, the contract, a copy of which is filed with this application and marked Exhibit A, contains stipulations limiting the Palmdale Water Company in certain respects with regard to the land which it will irrigate and purporting to attach to certain lands permanent water rights, and affirming contracts heretofore made by water users with the South Antelope Valley Irrigation Company in which the price to be paid for water is fixed, which this Commission should not approve, confirm, or recognize, as binding against the power of the Commission to regulate and control both service and rates of the Palmdale Water Company.

The contract above mentioned, provided that the properties constituting this water system shall be deeded to the Merchants Bank and Trust Company of Los Angeles, as trustee, to be held until the purchase price payments are completed, when the

property is to be deeded to the Palmdale Water Company. A copy of the declaration of trust by the trustee and which embodies the provisions of the contract above referred to, has been filed and considered in this matter.

I recommend that the application be granted, and submit the following form of order:

O R D E R

Application having been made to the Railroad Commission of the State of California for an order authorizing South Antelope Valley Irrigation Company to sell, and Palmdale Water Company to purchase, a certain water system and appurtenances, situated in the Antelope Valley, in Los Angeles County, California,

And a hearing having been duly held and it appearing to the Commission that public convenience and necessity will be served by the granting of said application,

IT IS HEREBY ORDERED that the Railroad Commission of the State of California does hereby authorize the South Antelope Valley Irrigation Company to sell, and the Palmdale Water Company to purchase, that certain irrigation system located in Antelope Valley, Los Angeles County, California, consisting of all reservoirs, ditches, pipe lines, flumes, water and water rights and all other property, as more fully set out in that certain contract marked Exhibit A, and attached to the application herein, reference to which said agreement is hereby made. The purchase price of said property shall be not to exceed \$75,000, and may be paid in the installments and under the conditions set out in the aforementioned contract.

This order shall not be construed as an approval, sanction or recognition of the validity of such parts of said contract as relate to service or rates/^{for water} furnished, or to be furnished, by the

Palmdale Water Company.

This order shall not be construed as in any wise fixing or declaring the purchase price of \$75,000 to be the true value of the properties herein authorized to be conveyed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 23 day of January, 1913.

H. D. Loveland

Max Thelen

Edwin O. Edgerton

Commissioners.