

Decision No. 33818

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION
of Associated Water Company, a
California corporation, McKittrick
Water Company, a California corpor-
ation, and Tide Water Associated Oil
Company, a Delaware corporation, for
an order authorizing the applicants to
proceed with their agreement and to
transfer properties and issue stock.

Application No. 23906

ORIGINAL

BY THE COMMISSION:

O P I N I O N

The Commission is asked to enter its order authorizing Associated Water Company to transfer to McKittrick Water Company the properties described in the deed filed in this proceeding, to authorize McKittrick Water Company to issue in payment for said properties \$1,000 par value of common stock, and to enter into an agreement for the purchase of water from Tide Water Associated Oil Company.

Tide Water Associated Oil Company, through stock ownership controls Associated Water Company, a public utility, serving with water the area in and around the Town of McKittrick, Kern County, California. By Decision No. 33388, dated July 30, 1940, in Application No. 23571, the Commission authorized Associated Water Company to enter into an agreement in, or substantially in, the same form as the agreement of June 28, 1940, filed in said Application No. 23571. That agreement was signed

by the Associated Water Company, the Tide Water Associated Oil Company, and by Donald Jackson, L. C. Graham, W. C. Robertson, E. H. Hillary, Fred Ehlers, Sr., and Phil R. McCormick, representing consumers of water in and around the Town of McKittrick. The agreement has as its objective the transfer to a new corporation, to be controlled by consumers of water in and around McKittrick, of some of the public utility water properties of Associated Water Company, and the purchase of water by the new corporation from Tide Water Associated Oil Company.

McKittrick Water Company has been organized under the laws of California. It agrees to perform all the terms and conditions which are placed upon the "new company" in said agreement of June 28, 1940. The Associated Water Company will transfer to McKittrick Water Company the following property:

All portions of the water line, beginning at the point known as the Olig School Cut-off, as are delineated in red on the map attached to the deed on file in this proceeding, together with all easements and rights of way for said line and all meters on said portions of said line and the tank described and marked on said map in red as Shamrock Tank, and an additional tank, capable of containing approximately 1,700 barrels, to be installed at a point selected by the water company at or near said Shamrock Tank, together with all and singular the appurtenances and privileges thereunto appertaining.

The McKittrick Water Company agrees to deliver to Associated Water Company in payment for said properties, 1,000 shares of its common capital stock of the par value of \$1.00 per share. Subsequent to the transfer of said properties, Tide Water Associated Oil Company will cause Associated Water Company to be dissolved. Upon becoming the owner of said 1,000 shares of stock of McKittrick Water Company, Tide Water Associated Oil Company will assign said 1,000 shares of stock to the "consumers" named in the agreement of June 28, 1940 as tenants in common.

There is filed in this proceeding a copy of an agreement defining the terms and conditions under which Tide Water Associated Oil Company will sell water to McKittrick Water Company. Said terms and conditions are the same as those contained in said agreement of June 28, 1940. Tide Water Associated Oil Company will sell and deliver from present wells situate on the land described in the agreement, to McKittrick Water Company not exceeding 900,000 gallons per month at one-forty-eighth ($1/48\text{¢}$) cent per gallon. Under certain conditions, McKittrick Water Company can obtain additional water from Tide Water Associated Oil Company. The McKittrick Water Company is by the agreement permitted to obtain its full water requirements from other sources. If it chooses to do so, the agreement shall ipso facto cease and terminate.

It is of record that the Associated Water Company and its predecessor in interest have operated a public utility water system in, and in the vicinity of, McKittrick prior to the effective date of the Public Utilities Act. It was, therefore, not deemed necessary at the time of the organization of the Associated Water Company to grant said Associated Water Company a certificate of public convenience and necessity. Neither do we consider it necessary that we now grant such a certificate to the McKittrick Water Company. The right to operate a water system at McKittrick and in its vicinity is transferable and will be acquired by the McKittrick Water Company.

By Decision No. 32056, dated June 6, 1939, in Case No. 4274, and in Application No. 21763, as amended by Decision No. 32110, dated June 27, 1939, the Commission fixed the rates which the Associated Water Company may charge for water in

McKittrick and vicinity. The order in this proceeding will require the McKittrick Water Company to file with the Commission the same rates. If it desires to put into effect a different rate schedule, it should apply for the necessary authority to do so.

O R D E R

The Commission having considered applicants' requests and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of 1,000 shares of common stock by McKittrick Water Company is reasonably necessary for the purposes herein indicated, that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, that the transfer of the properties herein authorized is in the public interest, and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED as follows:

1. Associated Water Company may, on or before March 1, 1941, sell and transfer to McKittrick Water Company, the public utility water properties described in the deed filed in this proceeding.

2. McKittrick Water Company may, on or before March 1, 1941, issue in payment for said properties \$1,000 par value of its common capital stock, and may enter into a contract with Tide Water Associated Oil Company for the purchase of water, said contract to be similar in its terms to the contract filed in this proceeding.

3. Concurrently with, or prior to the transfer of said properties of Associated Water Company to McKittrick Water Company, said Associated Water Company shall refund to such consumers as may be entitled thereto all amounts, if any, deposited for main extensions, meter or service connections, and/or any other purpose.

4. Within ten (10) days after the transfer of said properties, Associated Water Company shall file with the Railroad Commission a statement showing the amount of money, if any, refunded to consumers in compliance with paragraph three of this order, together with a statement showing the date on which it relinquished control and possession of the property herein authorized to be transferred.

5. Upon the transfer of said properties by Associated Water Company to McKittrick Water Company, and upon compliance with the terms and conditions imposed upon Associated Water Company by this order, said Associated Water Company shall stand relieved of all further public utility obligations and liabilities in connection with the public utility water system properties herein authorized to be transferred.

6. Within thirty (30) days after the issue of stock herein authorized, McKittrick Water Company shall file with the Commission a report in compliance with the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order, and it shall also file with the Commission a certified copy of the deed under which it acquires and holds title to the properties herein authorized to be transferred, and also a certified copy of the agreement under which it will purchase water from the Tide Water Associated Oil Company.

7. McKittrick Water Company is hereby authorized and directed to file with the Commission within thirty (30) days from the date of this order the following schedule of rates to be charged for all water service rendered to its consumers subsequent to the thirty-first day of January, 1941, which schedule of rates is hereby found to be just and reasonable for the service to be rendered:

SCHEDULE OF RATES

METERED SERVICE

Minimum Charge, \$5.00 per month for the first 2,000 gallons or less.
For excess of 2,000 gallons and not exceeding 5,000 gallons, 1/4¢ per gallon.
First 5,000 gallons, \$12.50 per month.
For excess of 5,000 gallons and not exceeding 35,000 gallons per month, 1/8¢ per gallon.
In excess of 35,000 gallons and not exceeding 500,000 gallons per month, 1/8¢ per gallon.
In excess of 500,000 gallons per month, 1/10¢ per gallon.

8. McKittrick Water Company is hereby ordered and directed to submit to the Commission within thirty (30) days from the date of this order, for its approval, quadruplicate sets of rules and regulations covering relations with its consumers, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet approximately 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of the utility's service area and the location thereof with reference to the surrounding territory, provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final conclusive determination or establishment of the dedicated area of service or any portion thereof.

9. McKittrick Water Company is hereby ordered and directed to file with the Commission within sixty (60) days from the date of this order four copies of a comprehensive map drawn to an indicated scale, not less than 400 feet to the inch, upon which shall be delineated correctly by appropriate markings the area served by the utility and its location with reference to the source of water supply and the surrounding territory. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service.

10. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 21st day of January, 1941.

H. L. Baker
Raymond W. Baker
Ray L. Riley
Justin D. Calmes
Francis R. Havens
Commissioners.