

Decision No. 38854

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of HOME ACRES WATER COMPANY, a corporation, et al, for a certificate of public convenience and necessity to operate a public service irrigation water company and for permission to issue shares of stock in exchange for properties of Home Acres Water Company, an unincorporated association, and latter to sell its properties to former.

ORIGINAL

Application No. 27269

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John B. Selters, for applicants.

O P I N I O N

Home Acres Water Company, an unincorporated association, is engaged in selling water for irrigation in Tract 1928 and vicinity, in the city of Pomona. The association owns a well and well site on:

That portion of Lot 3 in Block 188 of Pomona, in the city of Pomona, County of Los Angeles, State of California, as per map recorded in Book 3 pages 90 and 91 of Miscellaneous Records of said County, described as follows:

Beginning at a point in the North line of said Lot, distant thereon 30 feet West of the Northeast corner thereof; thence South parallel with the East line of said Lot 125 feet; thence West parallel with the North line of said Lot 60 feet; thence North, parallel with the East line of said Lot, 125 feet to the North line thereof; thence East along said last mentioned line, 60 feet to the point of beginning.

There is located on the association's lot a 245-foot 12-inch well, equipped with a 50 horse power Western gas engine, and a DeYoung pump. The well has a capacity of producing 400 gallons of water per minute. About 10,000 feet of 10-inch concrete pipe comprise the pipe system.

The water system was constructed by the owners of a tract of land containing 36 acres, more or less, known as "Home Acres".

One thirty-sixth interest in the water system was assigned to the ownership of each acre of land. The Commission, in Decision No. 22272, dated April 1, 1930 (Vol. 34, Opinions and Orders of the Railroad Commission of California, page 524) in passing upon a complaint filed by Pearl C. Stotenberg, et al; against Home Acres Water Company, et al, says:

"....this water system contemplated the production and distribution of water solely by and to its owners, the costs thereof to be borne upon an equal basis according to the use of water. However, this cooperative form of water distribution was not strictly adhered to and water service was thereafter rendered indiscriminately, at definitely established charges fixed by the plant owners, to consumers who in no instance held any title, right, or interest in or to the pumping plant, or any part thereof, and who lived outside and beyond the original Home Acres tract. It is equally clear that, by so doing, the operators of this water system dedicated such waters to the members of the general public supplied in that territory immediately adjacent and outside and beyond the original Home Acres tract or subdivision and that such service is public utility in character and under the jurisdiction and control of the Railroad Commission."

The testimony in this application shows that all water consumers are charged the rate now on file with the Commission.

Applicants employed the Title Insurance and Trust Company to determine the interest which the owners of the 36 acres of land have in the water system. Because of the difficulty of tracing the title to the interest that they have in the water system, applicants ask permission to transfer the interest of the several owners in the water system to Home Acres Water Company, a corporation, in exchange for stock of the corporation. The owners of the water system, about 28 in number, believe that the ex-

change of their several interests for stock will greatly simplify the transfer of the properties comprising the original thirty-six acres. Each of the owners will execute a quit claim deed releasing to the Home Acres Water Company, a corporation, all of his right, title and estate in and to the above described parcel of land, to the pumping plant situate thereon, with all his interest in and to all water pipe used for conducting water, all pipes or other appurtenances and appliances used on his land referred to in the quit claim deed, together with his interest in any right of way to conduct water over, or to lay and maintain water pipes. Exhibit 1 contains a copy of a quit claim deed.

The association's balance sheet as of December 31, 1945, shows assets as follows:

Land	\$1,000.00
Plant and equipment	5,000.00
Cash	893.20
Accounts receivable	<u>254.04</u>
Total	\$7,147.24

The association has no indebtedness.

The testimony shows that the cost of the plant and equipment, less accrued depreciation, is approximately \$6,000.

Applicants have concluded to issue to the members of the association one share of stock for each interest in the water system that the ownership of  $\frac{1}{4}$  acre of land represents. This calls for the issue of 144 shares of stock of the par value of \$50 each, or of an aggregate par value of \$7,200. In addition to transferring the water properties, the association will transfer its cash and accounts receivable to the corporation. The properties that will be transferred to the corporation warrant the issue of stock in the amount of \$7,200.

Applicant, Home Acres Water Company, a corporation, asks for a certificate of public convenience and necessity to sell irrigation water in the area shown on the map on file in this application. The area within which Home Acres Water Company desires permission to sell water for irrigation purposes is described as follows:

Beginning at the junction of Hansen and 11th Streets, thence about 295 feet North on Hansen Street; thence 500 feet East; thence South about 295 feet to 11th Street; thence East to Buena Vista Street; thence about 295 feet South on Buena Vista Street; thence East to Rebecca Street; thence South to Grand Avenue; thence East about 300 feet; thence about 50 feet South; thence about 50 feet East to Park Avenue; thence South on Park Avenue to Lexington Street; thence West on Lexington to a point about 600 feet West of the junction of Lexington and Hamilton Streets; thence North to Fremont Street; thence East to Phillips Boulevard; thence in a Northwesterly direction on Phillips Boulevard to Hansen Street; thence North to the point of beginning.

The boundaries of the area enclose about 300 acres, some of which area is subdivided in town lots and no longer served with irrigation water. The City of Pomona supplies water for domestic purposes. At the present time, the association sells water to 41 customers, who irrigate about 60 acres of land. Applicants are of the opinion that the well has sufficient capacity and produces sufficient water to meet all irrigation demands that may arise in the area.

No one appeared at the hearing to protest the granting of this application.

#### O R D E R

A public hearing having been held on this application by Examiner Fankhauser, and the Commission having considered the evidence submitted at such hearing and it being of the opin-

ion that the money, property or labor procured or paid for through the issue of \$7,200 par value of stock by Home Acres Water Company, is reasonably required by it for the purposes herein stated, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Home Acres Water Company, an unincorporated association, and its members may, on or before June 30, 1946, sell their interest in the Home Acres water system described in this application, to Home Acres Water Company, a corporation.

2. Home Acres Water Company, a corporation, may, on or before June 30, 1946, issue and deliver to Home Acres Water Company, an unincorporated association, or to its members in payment for said properties, 144 shares of stock, said stock to be distributed in the manner set forth in this application.

3. Home Acres Water Company, a corporation, shall file with the Commission in thirty days after the issue of said 144 shares of stock, a report showing the names of the persons to whom said shares of stock were issued, and the number of shares of stock issued to each person.

The Railroad Commission of the State of California hereby declares that public convenience and necessity requires, and will require, the construction and operation of a public utility water system by Home Acres Water Company, a corporation, to supply water for irrigation purposes only, to the area shown on the map on file in this application, and more particularly de-

lined in the preceding opinion, therefore,

IT IS FURTHER ORDERED that a certificate of public convenience and necessity be, and it is hereby, granted to Home Acres Water Company, a corporation, to construct and operate a public utility water system for the distribution and sale of water for irrigation purposes only, within the territory hereinbefore described.

IT IS FURTHER ORDERED that if Home Acres Water Company, a corporation, acquires the properties of Home Acres Water Company, an association, it shall file with the Commission within thirty (30) days after the acquisition of said properties, the following:

- a. Four (4) copies of rates for water service, such rates in no respect to be higher than rates presently on file for such service.
- b. Four (4) sets of rules and regulations governing relations with customers, each set to contain a map or sketch drawn to an indicated scale, and about 8½ x 11 inches in size, showing the area served and location thereof relative to surrounding territory.

IT IS FURTHER ORDERED that the authority herein granted is effective upon the date hereof.

Dated at Los Angeles, California, this 16<sup>th</sup> day of April, 1946.

Harold Rudman  
Justin F. Casper  
Brown W. Clegg  
Harold P. Kula  
Commissioners