

**ORIGINAL**Decision No. 45632

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 DESACRES WATER CO., a California  
 corporation, for authority to issue  
 stocks and for certificate of  
 public convenience and necessity. )

Application No. 31677

S. H. Emerson and F. T. Leonetti, attorney,  
 for applicant; C. E. Zemmer and Virginia W. Zemmer,  
 interested parties.

O P I N I O N

Desacres Water Company, a corporation, by the above-entitled application filed August 14, 1950, asks the Commission for a certificate of public convenience and necessity to operate a public utility water system for domestic purposes in unincorporated territory at Antelope Valley, Los Angeles County, California. Authority is also requested to issue stock.

Public hearings on this application were held before Examiner Warner on November 28, 1950 and April 17, 1951 in Los Angeles, California.

Desacres Water Company is a California corporation organized on June 28, 1950, for the purposes of carrying on the business of a water works company in all its branches. A copy of its articles of incorporation was filed as Exhibit A attached to the application.

The territory for which a certificate is requested comprises approximately 127 acres of Mojave desert land lying southwesterly of State Highway 138 near Little Rock in Antelope Valley, Los Angeles County, California. It is more particularly delineated on the map attached to the application as Exhibit B.

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The proposed service area is in the general vicinity of other areas being subdivided for desert resort purposes.

In its application, applicant alleged that its property consisted of a pump, pressure tank, adapter plates, and all necessary equipment, accessories, and all things necessary for the efficient operation of the said pump and the water well in which it is now installed. In addition thereto, applicant alleged that its property consisted of 6-inch and 4-inch main pipes and pipe lines, fittings, fire plugs and all other chattels connected therewith installed in Desacres Unit No. 1 which is shown in Records of Survey No. 1702 in Records of Survey Book No. 64, Pages 38-40 as recorded in the County of Los Angeles, and a well located adjacent to said subdivision. Applicant requests permission to issue 1,500 shares of no par value stock, all of one class and without preference, to J. B. Henderson and S. H. Emerson, principals in Llewelan Ranch Company, in return for the above-described property. Applicant alleges that the value of said property is \$14,848.59.

At the original hearing on November 28, 1950, a witness for applicant testified that title to the well site property, the source of water supply, lay in the name of Llewelan Ranch Company. The title so lay, the witness testified, in accordance with the terms of a grant deed introduced at the April, 1951 hearing as Exhibit No. 6 which transferred certain properties described therein, comprising five parcels totaling 150 acres, and including the well site property from C. E. Zemmer to Llewelan Ranch Company, as recorded in Book 29741, Page 352, Los Angeles County Records. The record shows that said grant deed was subject to a trust deed in the principal amount of \$8,000 secured by an installment loan. Said trust deed was introduced as Exhibit No. 5 at the April, 1951

hearing as recorded in Book 29741, Page 327, Los Angeles County records. Said trust deed provides for the repayment of the principal in the amount of \$2,000 annually, over a four-year period commencing April 4, 1950, and payment of interest at 6% semi-annually.

As of the date of the April, 1951 hearing the unpaid balance of principal was \$6,000. A \$2,000 principal payment and a \$180 interest payment became delinquent on April 4, 1951 and were unpaid as of April 17, 1951.

At the hearing of November, 1950, applicant's witness requested a continuance in order that applicant might have additional time to take steps to effect the securing of clear title to the well site properties, and the matter was continued to a date to be set, at least 90 days therefrom.

At the April, 1951 hearing the witness Virginia Zemmer testified that legal steps had been instituted by the Zimmers to effect collection of the delinquent amounts of both principal and interest due on the aforesaid installment loan.

Applicant's request at the April 17, 1951 hearing for a further continuance of 75 days was denied at the hearing when it became evident in the record that between the November, 1950 hearing and the April, 1951 hearing, applicant, because of what was termed to be press of other matters, had taken no steps to clear up the well site title issue and to satisfy the mortgage thereupon.

It appears from the record that applicant has no sound proposal for acquiring a source of water supply and, further, that until Llewelan Ranch Company satisfies the mortgage on all five parcels totaling 127 acres including the well site properties, it cannot transfer the well site property to applicant for applicant's use.

It is concluded, therefore, that it would not be in the public interest to grant applicant's request for a certificate of public convenience and necessity and for authority to issue stock at this time, and that the application should be denied without prejudice.

ORDER

The above-entitled application having been considered, public hearings having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that, due to the uncertain circumstances surrounding the proposed acquisition of title to the well site, the source of water supply, it would not be in the public interest to grant the request of Desacres Water Company for a certificate of public convenience and necessity to operate a water system and for authority to issue stock at this time; therefore,

IT IS HEREBY ORDERED that the request of Desacres Water Company for a certificate of public convenience and necessity and for authority to issue stock be and it is denied without prejudice.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 1st day of May, 1951.

*[Handwritten signatures of four commissioners]*  
Commissioners