

ORIGINAL

Decision No. 47462

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ERSKINE CREEK WATER COMPANY,)
a corporation,)
For an Order Authorizing the Issue)
of Stock, for a Certificate of Public)
Convenience and Necessity to Acquire)
and Maintain a Water System, and for)
an Order Fixing Water Rates.)

Application No. 33334

Irwin M. Fulop, for applicant.
Clyde F. Norris, for the Commission's staff.

O P I N I O N

Applicant, Erskine Creek Water Company, a California corporation, is seeking a certificate of public convenience and necessity to acquire and operate a public utility water system to serve the lands embraced in the 500 acres known as Erskine Creek Ranch in Kern County. The legal description of the proposed service area is set forth in the application on file herein and a map of said area appears as Exhibit B attached to said application. Initially applicant proposes to serve areas embraced within Tract No. 1631 and Tract No. 1638, both of which tracts are proposed to be subdivided by E. C. Uffert. Applicant also proposes to offer standby service to a grammar school and a high school which are to be constructed in the service area in the near future.

The Commission is also requested to authorize the establishment of proposed rates for the service to be rendered.

Undivided interests in the Erskine Creek Ranch are owned as follows:

<u>Name</u>	<u>Fractional Ownership</u>
Charles E. and Josephine P. Silicz, husband and wife	1/4
John G. Silicz	1/4
Harry H. Kem & Co., Ltd., a Nevada corporation	1/2

Applicant proposes to issue and sell at \$100 cash per share 375 shares of its stock to the above-named owners of the Erskine Creek Ranch, such persons each to purchase the same proportionate amount of said 375 shares as equals his or their proportionate undivided ownership of said Erskine Creek Ranch.

A public hearing on the application was held before Examiner Cline on June 26, 1952, at Bakersfield, California.

Water Supply

The owners of the Erskine Creek Ranch have two excellent wells on said ranch which are presently being used for irrigation purposes. One of these wells has a capacity in excess of 2,000 gallons per minute and the other a capacity in excess of 1,000 gallons per minute.

Applicant has entered into an agreement with the owners of the Erskine Creek Ranch which provides that said owners shall furnish to applicant at well site as much water as applicant requires to serve its customers at a price subsequently to be agreed upon but not to exceed 10 cents per 100 cubic feet. The said owners have granted to applicant the right to explore and drill for water on that portion of the Erskine Creek Ranch which is located in Section 6 on the east side of the State Highway. When the applicant has developed an adequate supply of water, the said owners are to convey the land on which such water site is located together with the water thereunder to the applicant at a fair and reasonable market value of

said land and water supply to be then agreed upon. When and if the applicant develops its own source of water as hereinabove provided applicant's right to take water from the said owners' well immediately terminates.

Harry H. Kem, president of the applicant and owner of Harry H. Kem & Co., Ltd., testified that applicant intended to acquire the existing sources of water supply from the owners of the Erskine Creek Ranch at some future date.

Witness Kem also testified that the Horncoe Laboratory has tested the water and that such test shows it to be satisfactory for domestic use. Arthur Taylor, applicant's engineer, testified, however, that the County Board of Health has not yet approved the water supply.

Proposed Rates

Applicant has proposed a basic flat rate of \$3 per single family residence and has also proposed metered rates as follows:

	<u>Quantity Charge</u>	<u>Per Month</u>
First	500 cubic feet.....	\$2.50
Next	1,500 cubic feet, per 100 cubic feet....	.40
Over	2,000 cubic feet, per 100 cubic feet....	.30

The above quantity charges are considerably higher than those authorized by this Commission for other public utility water systems in the same general territory.

Conclusions

The record shows that the water supply available to applicant is only a temporary supply and that it is owned and controlled by the proposed owners of applicant rather than by applicant itself and that such water supply as of the date of the hearing in this application had not yet been approved by the County Board of Health.

The Commission finds it is not in the public interest to grant this applicant a certificate of public convenience and necessity to acquire and operate a public utility water system prior to such time as applicant is able to show that it has developed or acquired a permanent and adequate source of water subject to its own control and that such source of water has satisfactorily met the requirements of the Kern County Board of Health.

The application herein will therefore be denied without prejudice to the renewal of the request by the filing of a supplemental application herein.

O R D E R

The above-entitled application having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that it would not be in the public interest at this time to grant applicant a certificate of public convenience and necessity to construct and operate a public utility water system; therefore,

IT IS HEREBY ORDERED that the application on file herein 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 15th day of July, 1952.

Commissioner Justus E. Craomer, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

[Signature]
President.
[Signature]
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Commissioners.