

Decision 84 10 055

OCT 17 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of the East Side)
 Canal and Irrigation Company, the)
 Stevinson Water District, and the)
 Merquin County Water District, all)
 situated in the County of Merced,)
 State of California, for transfer of)
 irrigation water distribution lateral)
 ditches and the furnishing of)
 irrigation water.)

Application 84-02-46
 (Filed February 22, 1984)

O P I N I O N

This is an application by East Side Canal and Irrigation Company (East Side), Stevinson Water District (Stevinson), and Merquin County Water District (Merquin) which requests Commission approve (1) the transfer of certain irrigation water lateral ditches from East Side and Stevinson to Merquin and (2) the furnishing of irrigation water by Stevinson to Merquin to result in Merquin owning the water distribution lateral ditches and purchasing water from Stevinson to supplement irrigation water from other Merquin sources.

The matter was held in abeyance pending an investigation by the Commission staff to insure that the proposed transfer would not adversely affect any of East Side's customers. The staff prepared a report dated July 27, 1984. A copy has been served on East Side. The report has been designated as Exhibit 1.

The Commission makes the following findings and conclusions.

Findings of Fact

1. Notice of the filing of the application was mailed to each of East Side's customers on April 10, 1984. Notice was published in the Merced Sun-Star on April 16, 1984. It appeared in the Commission's Daily Calendar on February 29, 1984. There are no protests.

2. A public hearing is not necessary in this matter.

3. East Side serves approximately 152 flat rate irrigation customers in the area of Stevinson, Merced County. Most of these customers are small landowners owning less than 20 acres. Their irrigation is mainly for pasture. Other crops include corn, alfalfa, oats, and sweet potatoes.

4. East Side's main canal and ancillary facilities are old and in poor condition. Under private ownership it is virtually impossible for East Side to obtain the capital necessary to make major improvements. East Side is in poor financial health. Stevinson and Merquin are public entities with the power to tax and are eligible for government loans and grants.

5. On November 22, 1983, East Side, Stevinson, and Merquin entered into an agreement, subject to approval by this Commission, which provided for:

- a. Transfer of certain irrigation water lateral ditches from East Side and Stevinson to Merquin.
- b. Furnishing of irrigation water by Stevinson to Merquin to result in Merquin owning the water distribution lateral ditches and purchasing water from Stevinson to supplement irrigation water from other Merquin sources.

A copy of the agreement is attached to the application as Exhibit A.

6. The Local Agency Formation Commission for Merced County has approved the proposed transfer subject to the approval of this Commission.

7. The description of East Side's system in the service area map filed with the Commission on April 9, 1963 is not the same as that in D.1391 dated March 31, 1914. The additional area in the 1963 map is above the elevation of the canal is not served by it and has never been served by it. The area was erroneously included in the

1963 map. The description in D.1391 is the correct description of the system.

8. Those customers of East Side who will not be annexed to Stevinson or Merquin as part of the proposed transfer have been accommodated with respect to irrigation needs and have no objection to the transfer. Their lands are irrigated from wells. Each has executed a statement that he does not want his land included in the proposed transfer.

9. East Side's 1983 annual report showed the following information:

Operating revenue	\$66,455
End-of-year plant	\$415,135
End-of-year depreciation reserve	\$140,374
Advances for construction	0
Contributions	0
Rate Base	\$274,760

10. If the transfer is approved, East Side would still own the main East Side Canal but not the laterals. Water delivered through the Canal is owned by Stevinson. East Side would not be engaged in any activity subject to the jurisdiction of this Commission.

11. The proposed transfer is not adverse to the public interest.

Conclusions of Law

1. Stevinson and Merquin are public entities not subject to the jurisdiction of the Commission in this matter. The ensuing order should only run to East Side.

2. The proposed transfer is consistent with Commission policy as set forth in Resolution No. M-4708 of August 28, 1979 which is to "support and promote the conversion of unviable or marginal water utilities to public ownership or their mergers with more viable entities when opportunities arise and customer service is more likely to improve through such change than without it."

3. The application should be granted as hereafter provided.

O R D E R

IT IS ORDERED that:

1. On or before September 30, 1985, East Side Canal and Irrigation Company (East Side) may transfer the portions of its irrigation water distribution system referred to in the application to Merquin County Water District according to the terms of the application.

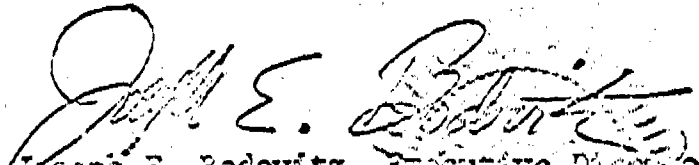
2. Within 10 days after transfer, East Side shall write the Commission stating the date of transfer and attach a copy of the transfer documents.

3. Upon compliance with this order, East Side shall be relieved of its public utility obligation to the transferred system. This order becomes effective 30 days from today.

Dated OCT 17 1984, at San Francisco, California.

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

