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Decision No. 13347.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
CATHERINE A. BROOKS, JOE SKIDMORE
and GUY E. SKIDMORE for permission
to sell and of SKIDMORE BROS. COR-
PORATION, a corporation, for per-
mission to buy the assets of Laguna
Heights Water System.

) Application Number 9782.
)

Scarborough, Forgy & Reinhaus,
by S. M. Reinhaus, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing Catherine A. Brooks, Joe W. Skidmore and Guy E. Skidmore, doing business under the firm name and style of Laguna Heights Water System, to transfer the properties of the Laguna Heights Water System to Skidmore Bros. Corporation and authorize Skidmore Bros. Corporation to issue \$50,000.00 of its capital stock.

A public hearing was held before Examiner Williams in Los Angeles.

The Laguna Heights Water System was installed for the purpose of supplying water for domestic uses in Laguna Beach, Orange County. On December 31, 1921, 475 consumers were supplied with water; on December 31, 1922, 603 consumers; and on December 31, 1923 approximately 700 consumers. The assets and liabilities of the

system as of December 31, 1923 are reported as follows:-

ASSETS

Fixed capital	\$112,786.71
Accounts receivable	166.57
Materials and supplies	368.31
Prepaid insurance	119.38

TOTAL ASSETS..... \$113,440.97

LIABILITIES

Notes payable	\$ 20,455.78
Accounts payable	1,053.72
Service billed in advance	5,200.52
Reserve for accrued depreciation..	10,230.40
Investment	76,500.55

TOTAL LIABILITIES..... \$113,440.97

The record shows that the owners of the water system have decided that the properties can be operated more advantageously by a corporation and for that reason have made this application to sell such properties to Skidmore Bros. Corporation. It appears that Skidmore Bros. Corporation was organized on or about April 28, 1923 with an authorized capital stock of \$1,500,000.00, divided into 1500 shares of the par value of \$1,000.00 each. The application shows that the corporation heretofore has been authorized by the Commissioner of Corporations to issue \$950,000.00 of stock in payment for the non-public utility property and business of the individuals who are applicants in this proceeding. The corporation now intends to enter into the public utility business and to place itself under the regulation and jurisdiction of the Railroad Commission, so far as such business and properties are concerned. It therefore asks permission to issue \$50,000.00 of stock in payment for the Laguna Heights Water System.

The Commission has given consideration to the testimony herein and to the reports of the water system on file with it and is of the opinion that for the purposes of this proceeding it is justified in authorizing the issue of \$50,000.00 of stock.

O R D E R

Application having been made to the Railroad Commission for permission to transfer properties and to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Catherine A. Brocks, Joe W. Skidmore and Guy E. Skidmore, doing business under the firm name and style of Laguna Heights Water System be, and they are hereby, authorized to sell and transfer their public utility business and properties known as Laguna Heights Water System to Skidmore Bros. Corporation, and Skidmore Bros. Corporation be, and it is hereby, authorized to acquire such properties and to issue in payment \$50,000.00 of its common capital stock.

The authority herein granted is subject to further conditions as follows:-

1. Within thirty days after the execution of the deed conveying the properties herein authorized to be transferred to Skidmore Bros. Corporation, a certified copy thereof shall be filed with the Railroad Commission.
2. The amount of stock which Skidmore Bros. Corporation is authorized to issue in payment of the properties of Laguna Heights Water System shall not be binding on

this Commission, or other court or public body as a measure of value of such properties for the purpose of fixing rates, or for any purpose other than this transfer.

3. Applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file, within thirty days after such issue and delivery, a verified report, as required by the Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
4. The authority herein granted to transfer properties and to issue stock will become effective upon the date hereof but will expire on June 30, 1924.

DATED at San Francisco, California, this 29th day of March, 1924.

C. Stealey

K. C. Brundage

James Martin

Eugene Shore

J. Whittsey

Commissioners.