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Decision No. 13468.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of ED FLETCHER, sole surviving partner of the partnership composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of CUYAMACA WATER COMPANY, for an order authorizing the sale of a certain water system in San Diego County, now owned and operated by said partnership and of the Cuyamaca Water Company, a corporation, to purchase and acquire said water system; and for an order authorizing the issue of stocks and bonds of said corporation.

Application Number 9865

Crouch and Sanders, by H.A. Sanders, for
Cuyamaca Water Company, a partnership;

Flint and McKay, by A. R. Smiley, for
Cuyamaca Water Company, a corporation.

BY THE COMMISSION:

O P I N I O N

The Railroad Commission is asked to make an order authorizing Ed Fletcher, as sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, to sell and transfer to Cuyamaca Water Company, a corporation, all the property owned by the co-partnership and described in this application, and authorizing the corporation to purchase and operate such properties and issue \$1,000,000. par value of common stock, and \$750,000. of bonds to acquire the properties.

Ed Fletcher is the sole surviving partner of the old and dissolved co-partnership of Cuyamaca Water Company, and for that reason is said to be entitled to the sole and exclusive possession and management of the property of the dissolved partnership for the purpose of settling up the partnership estate and business.

The Commission in several previous proceedings has reviewed the history of the Cuyamaca Water Company, a co-partnership, and has fixed values upon properties of the co-partnership for condemnation purposes and has also considered the cost or value of such properties for the purpose of establishing rates. Particular reference is made to Decision Number 536 dated March 28, 1913, (Volume 2, Opinions and Orders of the Railroad Commission of California, page 464;) Decision Number 2527 dated June 26, 1915, (Volume 7, Opinions and Orders of the Railroad Commission of California, page 306;) Decision Number 2531, dated June 26, 1915, (Volume 7, Opinions and Orders of the Railroad Commission of California, page 334;) Decision Number 8145 dated September 24, 1920, (Volume 18, Opinions and Orders of the Railroad Commission of California, page 897;) Decision Number 9454 dated Sept. 1, 1921, (Volume 20, Opinions and Orders of the Railroad Commission of California, page 507;) and Decision Number 12277 dated June 26, 1923.

Applicants in their Exhibit No. 1 filed in this proceeding, submit a general description of the properties to be transferred, together with their reported value. The cost of the properties to the co-partnership, as disclosed by its records, appears in the Commission's Exhibit No. 1 prepared by T.G. Hughes, Special Accountant for the Railroad Commission. The exhibit also shows the operating revenues and operating expenses for the years 1919 to 1923, both inclusive. After providing for depreciation the company during 1919 suffered a loss of \$125.50; during 1920, a loss of \$14,189.67; while during 1921 it had a surplus of \$60,369.71; during 1922, a surplus of \$20,247.33;

during 1923 a surplus of \$47,913.79. The large surplus earnings during 1921 are primarily accounted for by the sale of water to the City of San Diego. The company sold no water to the city during 1922 or 1923. It is of record that the company may sell some water to the city during the current year.

The record in this proceeding does not warrant the Commission to authorize the issue of \$750,000.00 of bonds. It is believed that not more than \$500,000.00 of bonds should be issued by Cuyamaca Water Company, a corporation, to pay in part for the properties which it intends to acquire and that such bonds should bear interest at not to exceed six and one half percent. per annum payable semi-annually. No copy of the proposed deed of trust securing the payment of the bonds has been filed with the Commission. Not until a copy of such proposed deed of trust satisfactory in form to the Commission has been filed, will a final order authorizing the issue of the bonds, be made in this proceeding.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of the properties formerly owned by the Cuyamaca Water Company, a co-partnership, to the Cuyamaca Water Company, a corporation, and for permission to issue stocks and bonds in payment for such properties, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the Cuyamaca Water Company, a corporation, should be authorized to issue not exceeding \$500,000.00 of first mortgage bonds and not exceeding \$1,000,000.00 of common capital stock for the purpose of acquiring the properties formerly owned by the Cuyamaca Water Company, a co-partnership, and described in this application, and that the money, property or labor to be procured or paid for by the issue of the stocks, and bonds herein authorized, is reasonably required for the purposes specified in this order.

IT IS HEREBY ORDERED that Ed Fletcher, sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company be, and he is hereby, authorized to sell and transfer to the Cuyamaca Water Company, a corporation, all of the property described in this application and in applicant's Exhibit No. 1 filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that the Cuyamaca Water Company, a corporation, be, and it is hereby, authorized to purchase and operate such properties and to issue in payment therefor not exceeding \$1,000,000.00 par value of common stock and not exceeding \$500,000.00 face value of first mortgage bonds.

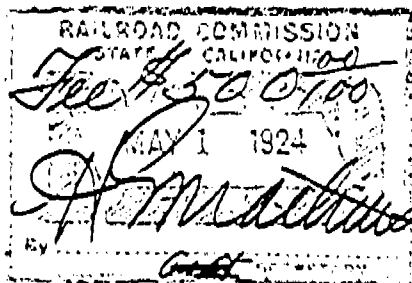
The authority herein granted is subject to further conditions as follows:-

1. None of the bonds herein authorized to be issued shall be delivered until the Commission by supplemental order has authorized the execution of a deed of trust to secure the payment of the bonds.
2. The consideration being paid for the properties of the Cuyamaca Water Company, a corporation, shall not be interpreted as a finding of the value of such properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.
3. Applicant shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad 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 will become effective when the Cuyamaca Water Company, a corporation, has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$500.00. No stock or bonds may be issued, sold or delivered under the authority herein granted after August 1, 1924.

DATED at San Francisco, California, this 24th day of April, 1924.



C. L. Seaver
H. B. Bridg
Irving Martin

J. T. Whittey
Commissioners