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Decision No. 14147.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of BENJAMIN FRANKLIN NELSON and ELIZABETH NELSON, husband and wife, for authority to sell, and W.T. ESTEP, E.J. WHITNEY and HARRY L. PERSON to purchase, a certain public utility commonly known as the Melvin Place Water Plant.

ORIGINAL

Application Number 10397

In the Matter of the Application of W.T. ESTEP, E.J. WHITNEY and HARRY L. PERSON to sell, and CONSOLIDATED WATER AND DEVELOPMENT COMPANY, a corporation, to purchase, a certain public utility commonly known as the Melvin Place Water Company.

Application Number 10398

Harry L. Person, for applicants.

BY THE COMMISSION:

OPINION

In the above entitled matters, as amended, the Railroad Commission is asked to make an order authorizing:

1. Benjamin Franklin Nelson and Elizabeth Nelson to transfer certain public utility water properties to E.J. Whitney and Harry L. Person, and
2. E. J. Whitney and Harry L. Person to transfer such properties to Consolidated Water and Development Company, a corporation, and
3. Consolidated Water and Development Company to issue in payment for such properties, its unsecured five year seven percent note in the principal amount of \$25,000.

At the public hearing held before Examiner Williams the two matters were consolidated for the purpose of receiving evidence

and for decision. It is of record that W.T.Estep has assigned his right, title and interest in Melvin Place Water Plant to E.J.Whitney and Harry L. Person.

The record shows that Benjamin Franklin Nelson and Elizabeth Nelson, under the firm name and style of Melvin Place Water Company, are engaged in supplying water for domestic use in Los Angeles County near the southern limits of the City of Los Angeles. On December 31, 1923, 570 consumers were reported. As of the same date the assets and liabilities of the business were reported as follows:-

ASSETS

Fixed capital:

Land	\$6,500.00
Pumping station buildings	500.00
Wells	3,500.00
Pumping equipment	1,427.00
Distribution mains	16,650.00
Reservoirs, tanks, etc.	2,000.00
Services	1,500.00
Meters	3,000.00

Total fixed capital \$35,077.00

Cash	487.00
Materials and supplies	65.00

Total assets \$35,629.00

LIABILITIES

Investment	\$26,729.00
Notes payable	3,500.00
Reserve for accrued depreciation	750.00
Donations in aid of construction	4,650.00

Total liabilities \$35,629.00

E. J. Whitney and Harry L. Person, who are also applicants herein, are the president and secretary, respectively, of Consolidated Water and Development Company. Consolidated Water and Development Company is a corporation organized during January, 1924. By Decision Number 13662 dated June 5, 1924, as amended by Decision Number

14182, dated September 27, 1924, the company was authorized to acquire eight small water systems located in Los Angeles County, and in payment therefor to issue \$136,600.00 of stock and to assume the payment of indebtedness of \$34,056.90.

Benjamin Franklin Nelson and Elizabeth Nelson have now agreed to sell and transfer their public utility water properties subject to outstanding indebtedness, to E.J. Whitney and Harry L. Person, who have agreed, in payment therefor, to deliver to Benjamin Franklin Nelson and Elizabeth Nelson, \$25,000.00 of the stock of Consolidated Water and Development Company which was authorized to be issued by Decision Number 13662 and Decision Number 14182. E.J. Whitney and Harry L. Person, in turn, propose to transfer such properties to the corporation, in exchange for a five year seven percent. unsecured note for \$25,000.00.

Upon acquiring the properties the company intends to consolidate them with two of the systems it heretofore has acquired, namely, the Emil Firth System and the 87th and San Pedro System. In this way it is thought the three systems can be run more advantageously and better service can be offered the public.

The order herein will authorize the transfer of these properties and the issue of the notes. It is to be understood, however, that the granting of the applications is not to be construed as a finding of value of the properties of Melvin Place Water Company for the purpose of fixing rates or for any purpose other than this transfer.

ORDER

Applications having been made to the Railroad Commission for an order authorizing the transfer of public utility property and the issue of a note for \$25,000.00, a public hearing having been held and the Railroad Commission being of the opinion that the applications should be granted and that the money, property or labor to be pro-

cured or paid for through the issue of the \$25,000.00 note is reasonably required,

IT IS HEREBY ORDERED that Benjamin Franklin Nelson and Elizabeth Nelson, doing business under the firm name and style of Melvin Place Water Company be, and they are hereby, authorized to transfer their public utility water properties to E.J. Whitney and Harry L. Person, and E.J. Whitney and Harry L. Person be, and they are hereby, authorized to transfer such properties to Consolidated Water and Development Company.

IT IS HEREBY FURTHER ORDERED that Consolidated Water and Development Company be, and it is hereby, authorized to issue, on or before December 31, 1924, its five year seven percent. unsecured promissory note in the principal amount of \$25,000.00 for the purpose of paying in part for the properties of Melvin Place Water Plant.

The authority herein granted is subject to the following conditions:-

1. Within thirty days after transfer of the properties herein authorized, E. J. Whitney and Harry L. Person and Consolidated Water and Development Company shall file with the Commission a certified copy of the deed under which they acquire title to such properties and shall also furnish the Commission with a statement showing the exact date on which Consolidated Water and Development Company acquired the properties.
2. Within thirty days after the issue of the note herein authorized Consolidated Water and Development Company shall file with the Commission a verified report as required by the Railroad Commission's Gen-

eral Order Number 24, which order in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when Consolidated Water and Development Company has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00.

DATED at San Francisco, California, this 7th day of October, 1924.

C. Seamy
H. B. Brundage
I. W. Martica

J. T. Whitney
Commissioners.

