

LEM

Decision No. 14646

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the matter of the application of  
S. H. FINLEY to sell his water system  
to the Huntington Beach Water Company,  
and of the Huntington Beach Water  
Company to purchase said water system  
and issue its stock in payment therefor. )  
Application  
No. 10798

H. V. Anderson, for applicants.

BY THE COMMISSION:

### O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing S. H. Finley to transfer a public utility water system to Huntington Beach Water Company, and authorizing Huntington Beach Water Company to issue \$6,000. of its common capital stock in payment therefor.

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

The record herein shows that S. H. Finley, operating under the firm name and style of East Side Water Company, has been engaged in supplying water for domestic purposes in what is known as the Vista Del Mar Tract in the easterly portion of the City of Huntington Beach, serving an area of about three-fourths of a mile by one and one-half miles in dimension. At present it is reported that 157 consumers are served, of whom 135 are said to be on a metered basis.

It appears that the system involved in this proceeding was installed about twenty years ago, when the region now served by it was being subdivided. At first water was obtained from a well owned by S. H. Finley, but later it was deemed advisable to

abandon the well and to purchase water from Huntington Beach Water Company, or its predecessor, at the regular low rates for large quantities and to distribute it to its consumers at the higher rates for smaller quantities. For the year 1924, S. E. Finley reports net revenues of \$384.74, for 1923, of \$599.22, for 1922 of \$636.48 and for 1921 of \$678.78.

It is of record that Mr. Finley desires to withdraw from the public utility water business and has agreed to sell his plant to Huntington Beach Water Company for \$6,000. of the common stock of that company. The purchase price is based on an appraisal made by H. V. Anderson, an engineer and the manager of the purchasing company. In his appraisal, a copy of which is attached to the application, Mr. Anderson estimates the reproduction cost less depreciation as \$6,360.30 which amount contains the following elements of value:

Pipe	\$4,604.57
Services	627.00
Meters	983.00
Fittings	145.73
	<u>\$6,360.30</u>

Huntington Beach Water Company operates in territory contiguous to that served by S. E. Finley and it is thought that by combining the two systems public convenience and necessity will be better served. It is reported that there is no duplication of property and that the system by being transferred can be used by the purchaser without any large sums being expended at this time for repairs or replacements. It appears that the rates charged consumers on the Finley system are identical with those charged consumers on the system of Huntington Beach Water Company.

#### O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and the issue of stock, a public hearing having been held and the Commission being of the opinion that the application should be granted and that the issue

of stock is reasonably required;

IT IS HEREBY ORDERED that S. H. Finley, doing business under the firm name and style of East Side Water Company be, and he is hereby authorized to transfer, on or before July 1, 1925, the public utility water properties to which reference is made in the foregoing opinion, to Huntington Beach Water Company, which company is hereby authorized to acquire such properties and issue in payment therefor \$6,000. of its common capital stock.

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

1. Within 30 days after execution of the deed conveying the properties herein authorized to be transferred, a certified copy thereof shall be filed with the Commission by Huntington Beach Water Company.
2. The consideration being paid for the aforesaid properties shall not be urged as the value of said properties for any purpose other than the transfer herein authorized.
3. Huntington Beach Water Company shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file within 30 days after such issue and delivery a verified report as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
4. Within ten days from the date on which S. H. Finley actually relinquishes control and possession of the property herein authorized to be sold, he shall file with this Commission an affidavit indicating the date upon which such control and possession was relinquished.
5. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 10<sup>th</sup> day of March, 1925.

H. A. Sandberg  
C. L. Seass  
Egerton Shore  
George D. Squires  
Edward J. ...  
Commissioners.