

ORIGINAL

Decision No. 18576

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 HILLS WATER COMPANY,)
 a corporation, for a certificate of) Application No. 13841.
 public convenience and necessity.)

In the Matter of the Application of)
 HILLS WATER COMPANY,)
 a corporation, for authority to) Application No. 13842.
 issue \$36,000.00 par value of its)
 common stock.)

Robert M. Searls, for applicant.

BY THE COMMISSION:

O P I N I O N

In Application No. 13841, Hills Water Company, a corporation, asks the Commission to issue a certificate declaring that present and future public convenience and necessity require and will require it to operate a public utility water business. In Application No. 13842, the corporation asks permission to issue \$36,000.00 of its common capital stock in payment for certain water properties.

A public hearing on the two matters was held before Examiner Fankhauser on June 24, 1927, at which time they were consolidated for the purpose of receiving evidence and for decision. No one appeared in protest to the granting of the applications.

The record shows that the territory in which applicant proposes to operate comprises some 450 acres of land located in San Mateo County northerly of the northerly boundary of the City of Hillsborough and westerly of the westerly boundary of the City of Burlingame. It appears that the tract is owned by Panama Realty Company which has subdivided forty acres and is now engaged in subdividing eighty additional acres. The realty company has constructed and acquired a water system to serve this region when it is developed.

The water system includes an agreement with Spring Valley Water Company for the delivery by that company of not to exceed 500,000 gallons of water daily from its Pilarcitos flume, a right-of-way and a supply line from the flume to a concrete reservoir, a reservoir of 180,000 gallons capacity and distributing mains from the reservoir throughout the tract. The cost of the system, which was installed within the last year, is shown in applicant's Exhibit 3, as follows:-

Reinforced concrete reservoir	\$8,273.97
Supply line from Pilarcitos flume to reservoir, about 4,218 feet of rivited steel pipe	8,303.73
Distribution mains;	
1095 feet 10" steel pipe	
506 " 8" " " "	
3516 " 6" cast iron pipe	
5891 " 4" " " "	
2557 " 3" galvanized pipe	
2012 " 3" screw pipe	
1291 " 2" galvanized pipe	
878 " 2" screw pipe	
complete with fittings, etc.	<u>21,835.72</u>
Total.	<u><u>\$38,413.42.</u></u>

Panama Realty Company is engaged in the real estate business, and does not, it seems, desire to enter into the public utility water business. Accordingly it has deeded the water system it has constructed or acquired to H. B. Fisher, who, in turn proposes to transfer it to the applicant corporation which he has caused to be organized for the purpose of receiving and operating it. The proposed consideration is \$36,000.00 of the capital stock of the corporation.

The applications set forth that there is no other utility from which service for this tract can be obtained. It therefore is apparent that as this district is settled and develops, public convenience and necessity will require the operation of the water system applicant proposes to acquire. Accordingly an order granting the two applications, subject to certain conditions, will be entered.

ORDER

Hills Water Company, a corporation, having applied to the Railroad Commission for a certificate of public convenience and necessity and for permission to issue stock, a public hearing having been held, and the Railroad Commission being of the opinion that the applications should be granted, as herein provided, and 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,

THE RAILROAD COMMISSION HEREBY DECLARES THAT present and future public convenience and necessity require and will require the acquisition and operation by Hills Water Company, a corporation, of a public utility water system on the lands referred to in the foregoing opinion and more particularly set forth in these applications and shown on the map attached to Application No. 13841 as Exhibit "B".

IT IS HEREBY ORDERED that Hills Water Company, a corporation, be, and it hereby is, authorized to issue, on or before December 31, 1927, \$36,000.00 of its common capital stock for the purpose of paying in full for the water system and properties referred to in the foregoing opinion and of providing working capital.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the following conditions:-

1. The amount of stock herein authorized to be transferred shall not be urged before this Commission or other public body or court as representing the value of the water system for the purpose of fixing rates or for any purpose other than this transfer.
2. Applicant shall keep such record of the issue and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 21st day of each month, 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.

3. Within thirty (30) days after acquisition of the properties Hills Water Company shall file a certified copy of the deed under which it acquires and holds title thereto.
4. The authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this six
day of July 1927.

 E. M. ...

 C. ...

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Commissioners.