



provide itself with working capital.

La Costa Water Company is a corporation organized and existing under and by virtue of the laws of the State of California. It has an authorized stock issue of \$250,000.00 divided into 2,500 shares of a par value of \$100.00 each. It has been organized for the purpose, among others, to distribute, sell, lease and otherwise dispose of water to customers and consumers within the tract of land described in its articles of incorporation to which reference will be made hereafter.

It appears that the Harold G. Ferguson Corporation acquired approximately 600 acres of land from the Marblehead Land Company. A portion of this tract has been subdivided and designated as Tract 10570, as per map thereof recorded in the Recorder's Office of Los Angeles County, map book 161, pages 36 to 42 inclusive. On this tract the Harold G. Ferguson Corporation has constructed and installed a system for the distribution of water to consumers at a cost of about \$33,891.73. Applicant has entered into a contract for the purchase of the water system at cost and two parcels of real estate upon which the reservoir and pump unit of said distribution of water in said Tract No. 10570 are located. Applicant has agreed to pay \$4,300.00 for the real estate. To acquire the water distribution system and real estate, applicant asks permission to issue at par \$38,191.73 of common stock. In addition it seeks permission to issue and sell at par additional stock in the amount of \$11,808.27 and use, according to the testimony, about \$10,000.00 of the proceeds to extend the water system and to use the remainder for working capital to pay organization expenses.

From Exhibit "2" filed in these proceedings, it appears that the Marblehead Land Company agrees to create a water company to furnish domestic water for all the area involved in the sale to the Harold G. Ferguson Corporation, such water to be of good quality and a continuous supply of such water is to be provided in sufficient

quantity to serve all persons who may live or reside on said tract of land and to include ample water for fire protection. The domestic water to be delivered is to be delivered at the boundary of the property purchased by the Harold G. Ferguson Corporation, such water to be supplied in uninterrupted service except for any cause beyond the control of the Marblehead Land Company. It further appears from Exhibit "2" that the vendor reserves and excepts from the provisions of the contract all water and water rights on, under or appurtenant to the property described in the contract, and reserves and excepts to itself the right and privilege of developing and exploring in certain areas of the Los Flores Canyon and Carbon Canyon. Such development and exploration are to be consistent with the development of the property and the orderly appearance thereof. The plan for permanent improvements in connection with any wells will be subject to the approval of the purchaser.

Under date of February 28th, there was filed with the Commission a copy of a contract between Marblehead Land Company, a Delaware Corporation, and Harold G. Ferguson Corporation, a California corporation. Under the terms of this contract, the Marblehead Land Company agrees, pending the creation and organization of a water company, that it will furnish to the Harold G. Ferguson Corporation, or a water company organized by it, a continuous supply of domestic water of sufficient quantity to serve adequately all persons who may live or reside on the tract of land to which reference has been made, and that it will deliver to the boundaries of said tract of land in good and sufficient pipes such water in such quantities in uninterrupted service, except as such service may be interrupted by causes beyond the control of the Marblehead Land Company, or for the reason that the Marblehead Land Company itself cannot obtain the water from sources which it now owns. The Harold G. Ferguson Corporation agrees to pay during the next five years after the date of this contract, five cents per cubic

foot for all the water furnished to it or its water company under the contract. The price at which such water shall be furnished after the five years is to be agreed upon by the parties at least six months before the expiration of the five year period.

### ORDER

La Costa Water Company having made applications, as entitled above, a public hearing having been held before Examiner Fankhauser and the applications having been submitted, and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the \$50,000.00 of stock by the La Costa Water Company, is reasonably required by it, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that these applications should be granted, as herein provided, therefore,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require, and will require, the La Costa Water Company to construct, maintain and operate a water system for the purpose of supplying water to consumers residing within the area described in the company's Articles of Incorporation (Exhibit "A", Application No. 16144.)

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FURTHER DECLARES that public convenience and necessity require, and will require, La Costa Water Company to exercise the rights and privileges granted to it under Ordinance No. 1761, New Series (Exhibit "B" in Application No. 16143,) of the Board of Supervisors of Los Angeles County, provided that applicant file with the Commission within thirty days from the date of this order a resolution duly passed and approved by its Board of Directors, to the effect that said applicant, its successors or assigns will never claim for said rights and privileges a value in excess of the actual cost of securing same.

IT IS HEREBY ORDERED that La Costa Water Company be, and it is hereby, authorized to issue and sell at par on or before October 1, 1930, \$50,000.00 par value of its common capital stock and use \$33,891.73 to pay for the water system described in Application No. 16144; to use \$4,300.00 to acquire the real property described in Exhibit "C" in Application No. 16144; to use approximately \$10,000. of the proceeds to extend and enlarge the aforesaid water system; and to use the remainder for working capital and to pay organization expenses, including <sup>the expenses of</sup> these proceedings before this Commission and the acquisition of the franchise from the Board of Supervisors of Los Angeles County, to which reference has been made.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has filed with the Commission the aforesaid resolution; and that La Costa Water Company shall keep such record of the issue, sale and delivery of the stock 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 insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 20th day of March, 1930.

C. S. Seaver

Leon A. Whittell

W. S. Smith

W. J. Linn

Commissioners.