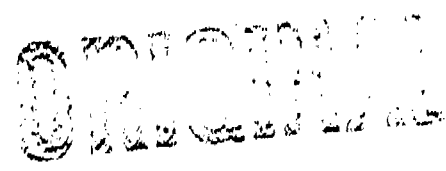


Decision No. 23562.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
J. L. MARSHALL and BELLE MARSHALL,)
doing business as INDIO WATER SERVICE,)
and INDIO WATER COMPANY, LTD., a cor-)
poration, for an order authorizing)
the transfer of property of a public)
utility.)



Application No. 17207

In the Matter of the Application of)
INDIO WATER COMPANY, LTD.,)
for an order authorizing issue of)
stock.)

Application No. 17208

D. L. King, for Indio Water Company, Ltd.

J. L. Marshall, in propria persona.

BY THE COMMISSION:

O P I N I O N

In Application No. 17207 J. L. Marshall and Belle Marshall, doing business under the fictitious name of Indio Water Service, ask permission to sell their public utility water properties to Indio Water Company, Ltd. and to discontinue public utility water service.

In Application No. 17208 Indio Water Company, Ltd. asks permission to issue \$13,500.00 par value of its common capital stock, to issue a note for \$16,371.00 and assume \$5,129.02 of indebtedness in payment for the properties which it intends to acquire from J. L. Marshall and Belle Marshall.

At the hearing had before Examiner Fankhauser on March 18th the two above entitled matters were consolidated for the purpose of hearing and decision.

It is of record that J. L. Marshall and Belle Marshall are engaged in the business of supplying water for domestic purposes as a public utility in and around the Town of Indio, Riverside County. The public utility water system owned by them furnishes water to about 300 consumers. In 1928 the revenues received from the operation of their water system is reported at \$8,826.10; in 1929 at \$8,270.00; and in 1930 at \$10,103.50.

L. E. Torrey, an assistant engineer for the Commission, in Exhibit No. 1 reports the historical reproduction cost of the properties to be \$38,205.00, the historical reproduction cost less depreciation, calculated on a five percent sinking fund method \$33,946.00, the reproduction cost new to be \$39,168.00, the reproduction cost new less depreciation calculated on a five percent sinking fund method \$34,736.00.

The vendors have agreed to sell the properties to the Indio Water Company, Ltd. for the sum of \$35,000.00. The purchaser, the Indio Water Company, Ltd. has agreed to pay \$13,500.00 in cash, to assume indebtedness in the amount of \$5,129.02, and to pay the balance of the purchase price reported at \$16,371.00 (actual balance \$16,370.98) through the execution of a promissory note secured by a second deed of trust on all of the water plant and real property, said note to be paid in installments at not less than \$5,000.00 per annum, with interest at the rate of seven percent per annum, payable quarterly.

The Indio Water Company, Ltd. asks permission to issue \$13,500.00 of its common capital stock at par for the purpose of obtaining funds to make the cash payments required by the agreement of sale filed in Application No. 17207 as Exhibit "A".

The present owners of the Indio Water Service properties desire to sell such properties because they feel that they are not

physically able to properly operate the same. The new company will be controlled through stock ownership by Harry S. Marshall, a son of the present owners of the properties and by A. Vernon Green, a nephew of said owners.

Indio Water Company, Ltd. has filed a copy of its proposed deed of trust which we find to be in satisfactory form.

ORDER

Applicants in the above entitled matter having asked the Commission to enter its order, as indicated in the foregoing opinion, and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the stock and note and the assumption of the indebtedness herein authorized, is reasonably required by Indio Water Company, Ltd. for the purposes herein stated, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that the transfer of the properties should be granted, therefore,

IT IS HEREBY ORDERED as follows:

(1) J. L. Marshall and Belle Marshall, doing business under the fictitious name of Indio Water Service, may sell their properties described in Exhibit "A", Exhibit "B" and Exhibit "C" filed in Application No. 17207, to Indio Water Company, Ltd.

(2) Indio Water Company, Ltd. may issue and sell on or before June 30, 1931 at not less than par, \$13,500.00 par value of its common capital stock and use the proceeds to pay in part for the properties which it intends to acquire from J.L.Marshall and Belle Marshall.

(3) Indio Water Company, Ltd. may, on or before June 30, 1931 issue at not less than par, a note for \$16,371.00 in part payment for the aforesaid properties, said note to be payable in install-

ments of not less than \$5,000.00 per annum, with interest at the rate of not exceeding seven percent per annum, payable quarterly.

(4) Indio Water Company/^{Ltd} may on or before June 30, 1931 assume the payment of the \$5,129.02 of indebtedness referred to in Exhibit "A", filed in Application No. 17207.

(5) Indio Water Company, Ltd. may on or before June 30, 1931, execute a deed of trust in substantially the same form as the deed of trust filed on March 23, 1931, provided that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only, and is granted insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

(6) The authority herein granted to issue a note will not become effective until Indio Water Company, Ltd. has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

(7) Indio Water Company, Ltd. shall keep such record of the issue of the stock and note 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.

(8) Upon the acquisition of the properties to which reference is made herein, by Indio Water Company, Ltd., J. L. Marshall and Belle Marshall be, and they are hereby authorized, to discontinue operating the public utility water properties which they have operated under the fictitious name of Indio Water Service.

(9) Within thirty (30) days after acquiring the aforesaid properties, Indio Water Company, Ltd, shall file a certified copy of the deed under which it acquires and holds title to said properties.

DATED at San Francisco, California, this 10th day of April, 1931.

C. S. Jones
Leon Whipple
M. J. Lee
W. B. Harris
Frederic G. Stewart
Commissioners.

RECEIVED COMMISSIONER
Fee \$25.00
APR 22 1931
H. M. Johnson

Fee # 29023