

ORIGINALDecision No. 24155

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
OAKS WATER COMPANY OF HILLSBOROUGH)	Application No. 17691
for permit to issue stock.)	

E. R. Devine, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to authorize the transfer of public utility water properties and the issue of 3,000 shares of no par value common capital stock by Oaks Water Company of Hillsborough in payment for said properties.

The Oaks Water Company of Hillsborough is a corporation organized under and by virtue of the laws of the State of California. It has an authorized capital stock of 3,000 shares without nominal or par value. The company was organized for the purpose, among others, to acquire and operate a public utility water system.

The Commission by Decision No. 22112, dated February 11, 1930, in Application No. 16117 and in Case No. 2715, granted a certificate of public convenience and necessity to W. O. Lang to operate a public utility water system under the firm name of Oaks Water Company, for the purpose of supplying water in the Brewer Tract No. 3 in the Town of Hillsborough. By Decision No. 23321, dated January 26, 1931, in Application No. 17035, the Commission granted to W. O. Lang a certificate of public convenience and necessity to operate a public utility water system under the firm name of Oaks

Water Company for the purpose of supplying water in the Hillsborough-Oaks Subdivision in Hillsborough, San Mateo County. It is of record that there are at present attached to the Brewer System 28 services and to the Hillsborough-Oaks Tract 42 services.

It appears of record that the money invested in these public utility water systems has to some extent, at least, been provided by the Lang Realty Company, a co-partnership. To the extent that it may have an interest in the properties, the Lang Realty Company joins in this application for permission to transfer the public utility properties to the Oaks Water Company of Hillsborough.

The assets and liabilities of the two water systems are reported in Exhibit "B" amended, filed at the hearing had on this application, as follows:

ASSETS

Organization.....	\$ 435.90
Landed capital.....	905.00
Buildings.....	1,144.00
Wells.....	976.00
Pumping equipment.....	4,520.55
Distribution mains.....	14,327.00
Distribution tanks.....	5,386.00
Hydrants.....	784.00
Services.....	862.70
Meters and measuring services.....	2,155.95
Miscellaneous distribution equipment.....	72.46
Cash.....	163.59
Accounts receivable.....	4,434.19
Notes receivable.....	<u>1,000.00</u>
Total Assets.....	<u>\$37,167.34</u>

LIABILITIES AND CAPITAL

Capital.....	\$31,411.10
Reserve for accrued depreciation....	4,632.66
Accounts payable-audited vouchers...	423.58
Miscellaneous accounts payable.....	<u>700.00</u>
Total Liabilities and Capital..	<u>\$37,167.34</u>

The record shows that all the accounts receivable and the cash set forth in the balance sheet are to be transferred to the

Oaks Water Company of Hillsborough.

The primary purpose ^{for} ~~of~~ transferring these properties is to completely separate the public utility operations from the operations of the Lang Realty Company and to operate the utility properties under a corporate form of organization. The outstanding stock of the Oaks Water Company of Hillsborough will all be owned by the partners of the Lang Realty Company. It is not intended to distribute any of this stock to any one other than Wm. O. Lang, August J. Lang and Rudolph D. Lang, partners in Lang Realty Company.

We believe that the stock which Oaks Water Company of Hillsborough issues should be issued on approximately a \$25.00 per share basis.

ORDER

Wm. O. Lang doing a public utility business under the name of Oaks Water Company having asked permission to transfer his public utility properties to Oaks Water Company of Hillsborough, and Oaks Water Company of Hillsborough having asked permission to issue 3,000 shares of common stock of no par value in payment for such properties, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the Oaks Water Company of Hillsborough should be permitted to issue 1,260 shares of stock, that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required for the purpose herein stated and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application insofar as it involves the issue of 1,740 shares of stock be dismissed without prejudice, therefore,

IT IS HEREBY ORDERED as follows:

1. Wm. O. Lang and Lang Realty Company be, and they are hereby, authorized to sell and transfer, on or before December 31, 1931, to Oaks Water Company of Hillsborough the public utility water properties and other assets described in Exhibit "B" amended filed in this proceeding, and to assume the payment of the indebtedness referred to in said exhibit.

2. Oaks Water Company of Hillsborough be, and it is hereby, authorized to acquire the aforesaid properties, to operate the same and to issue, on or before December 31, 1931, in payment for said properties not exceeding 1,260 shares of its common capital stock without par value.

3. Oaks Water Company of Hillsborough 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.

4. The authority herein granted will become effective upon the date hereof.

5. Oaks Water Company of Hillsborough shall file with the Commission, within fifteen (15) days after acquiring the aforesaid properties, a statement showing the date upon which it acquired said properties, the date upon which it took possession of said properties, and a copy of the deed or bill of sale under which it acquired and holds title to said properties.

6. This application insofar as it involves the issue

of 1,740 shares of stock is hereby dismissed without prejudice.

DATED at San Francisco, California, this 26th day
of October, 1931.

Leon C. Whiteley

M. J. Carr

M. B. Harris

Fred G. Stewart

Commissioners.