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Decision No. 10869

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
EAST HIGHLANDS DOMESTIC WATER COMPANY, )  
a corporation, for authority to issue ) Application Number 7588.  
stock. )

ORIGINAL

Farrand & Slosson, by L.B. Slosson,  
for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application, East Highlands Domestic Water Company asks permission to issue \$50,000.00 (5,000 shares) of its capital stock for the purpose of acquiring properties and of providing the cost of extensions, additions and betterments.

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

The application shows that East Highlands Domestic Water Company was organized on or about December 23, 1919 for the purpose of supplying and distributing water in and about East Highlands, San Bernardino County. By Decision Number 10834, dated August 10, 1922, the Railroad Commission declared that public convenience and necessity requires that applicant acquire, construct and operate a water system for the purpose of supplying water for domestic purposes and for use in case of fire in and about East Highlands.

The company asks permission at this time to issue all of its authorized capital stock of \$50,000.00, which is divided into 5,000 shares of the par value of \$10.00 each. It proposes to issue 3 shares to qualify directors, to deliver 3500 shares in full payment of properties located in East Highlands, and to sell 1497 shares, at par, to provide the cost of future capital additions.

The properties to be acquired for \$35,000.00 in stock, are described in some detail in the petition and consist, in general, of a well from which 100 miner's inches of water may be pumped, a pumping plant, two reservoirs, -one 80'x 60'x 11½' and the other 40'x 40'x 8'-, transmission and distribution lines, laterals, meters, fittings and two small lots. It is reported that this system, which was completed during 1921, actually cost \$34,544.46, and that in addition, \$133.50 was expended in surveying.

It appears that these properties are at present held by Plunge Creek Mutual Water Company, a mutual company, organized by East Highlands Orange Company for the purpose of giving water service to its employees and to residents on its properties, it being the intention of the latter company to keep the two classes of business separate. Inasmuch as the water business will be of a public utility nature, Plunge Creek Mutual Water Company now proposes to transfer its properties to applicant, who will operate them as a public utility water company. It is thought that in excess of 650 people will be served by this system.

In addition to the 3500 shares of stock to be delivered for properties, applicant asks permission to issue and sell, at par, 1497 shares to provide the cost of extensions, additions and betterments which may be found necessary in the future. As the company is not in a position at this time to advise the Commission as to the specific purposes for which it intends to use the proceeds, the order herein will provide that no moneys obtained from the sale of the 1497 shares of stock may be expended, except as hereafter authorized in a supplemental order or orders.

O R D E R

EAST HIGHLANDS DOMESTIC WATER COMPANY, having applied to the Railroad Commission for permission to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein;

IT IS HEREBY ORDERED that East Highlands Domestic Water Company be, and it is hereby, authorized to issue, on or before April 30, 1923, \$50,000.00 (5,000 shares) of its capital stock.

The authority herein granted is subject to further conditions as follows:-

- 1.....Three shares may be sold at par for cash for the purpose of qualifying directors, and the proceeds used for working capital.
- 2..... 3500 shares may be delivered to Plunge Creek Mutual Water Company in payment for the properties referred to in this application.
- 3..... 1470 shares may be sold for cash at not less than par, provided that the proceeds from such sale be deposited by applicant with a bank or banks and expended only as authorized by the Commission in a supplemental order or orders.
- 4..... The price at which applicant is herein authorized to acquire properties shall not hereafter be urged before this Commission, or any court or public body as a measure of value in fixing rates or for any purpose other than that herein authorized.
- 5..... Applicant shall file a copy of the instrument by which it obtains title to the properties referred to herein within 30 days after its execution.

6....Applicant 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, in so far as applicable, is made a part of this order.

DATED at San Francisco, California, this 17<sup>th</sup> day of August, 1922.

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*Wm. Martin*  
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*Charles A. Koenig*  
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*J. F. Swedish*  
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Commissioners.