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Decision No. ✓

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Decision No. 2405

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of JANSS COMPANY to sell a water plant and system to Belvedere Water Company, and of Belvedere Water Company to issue stock.

Application No. 1603

S. M. Haskins, for applicant.

DEVLIN, Commissioner.

O P I N I O N

This is an application involving the sale and transfer of a water utility plant and system owned by Janss Company to Belvedere Water Company and for said Belvedere Water Company to issue common capital stock to the par value of $100,000.00.

Janss Company is engaged primarily in the business of acquiring, improving, subdividing and selling real estate. In the endeavor to dispose of certain real estate holdings in a territory known as Belvedere adjoining the northeastern portion of the City of Los Angeles, the Janss Company found it necessary to install a water plant and system. Since the enactment of the Public Utilities Act, real estate firms have found it advantageous to divorce the public utility business transacted by them from their real estate business. To accomplish this end, Janss Company has caused the organization of Belvedere Water Company. The water company has an authorized capital stock issue of $100,000.00, divided into 1,000 shares of the par value of $100.00 each. It is proposed to issue all of the stock save such shares as may be necessary to qualify directors of Janss

Company, in payment for property, enumerated in the bill of sale, Exhibit "B", attached to the application, as follows:-

"First. All those certain lots, pieces or parcels of land in the County of Los Angeles, State of California, particularly described as follows, to-wit:

1. Lots Three (3), Four (4), and Five (5) of Block "A", of the Laguna Tract, as per map recorded in Book 12, page 173 of Maps, Records of Los Angeles County.

2. Lot Seventeen (17), Block Forty (40), of E. S. Field's Occidental Heights Tract, as per map recorded in Book 15, Pages 99 and 100 of Miscellaneous Records of Los Angeles County.

3. The West Fifty (50) feet of Lot Eleven (11), Block "C", Wellington Heights Tract, Subdivision No. 1, as per map recorded in Book 5, page 7, of Maps, Records of Los Angeles County.

4. Lot Ten (10), Block "J", of the Janss Tract, as per map recorded in Book 15, pages 38 and 39 of Maps, Records of Los Angeles County.

5. Lot One (1), Block "G", of the Janss Tract, as per map recorded in Book 15, pages 38 and 39 of Maps, Records of Los Angeles County.

6. Lot Eight (8), of Tract 2553, as per map recorded in Book 26, page 1, of Maps, Records of Los Angeles County.

Second. The water plant and water distributing system together with all personal property of every kind and description belonging or appertaining thereto, or used in connection therewith, heretofore operated by Janss Company, and situated within that certain territory in said County of Los Angeles known as Belvedere."

The water system, on January 1, 1915, had 2,736 services attached to its thirty-two miles of distribution pipe. The water is obtained from five wells scattered over the various parts of Belvedere.

Exhibit "A" attached to this application contains an estimated reproduction cost of the water system amounting to $204,615.91 and a present value amounting to $173,543.63. Mr. Clark of the hydraulic engineering department of this Commission made an examination of the property to be transferred and estimates the present value at $110,411.oo. Mr. Clark in his value has not included water rights, appraised by the Company at $55,000.oo. In view of the fact that applicants prepared Exhibit "A" merely for the purposes of the stock issue and in further view of the conditions found in the order, an exact finding as to the value of the property to be transferred, becomes unnecessary.

The reports on file with this Commission show for the years ending December 31, 1913 and 1914, earnings and expenses as follows:

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	Item	Total	Item	Total
Operating Revenues	$ -	$39,961.74	$ -	$45,533.93
Commercial Earnings	37,615.01	-	42,535.85	-
Profit on connections, etc.	2,346.73	-	2,998.13	-
Operating Expenses	-	29,635.28	-	64,319.40
Pumping Expenses	10,558.63	-	10,179.00	-
Distribution Expenses	3,064.48	-	4,674.88	-
Commercial Expenses	4,016.58	-	3,890.62	-
General Expenses,	4,339.61	-	4,852.58	-
Taxes,	854.63	-	959.05	-
Depreciation,	6,801.35	-	39,763.27	-
Surplus for Year,	-	10,326.46	-	-
Loss for Year.	-	-	-	18,785.47

The depreciation charge for 1914, includes $32,282.82 representing depreciation accruals up to December 31, 1913, said to have been charged in error to Janss Company. The depreciation charge, applicable to 1914 amounts to $7,480.45. After making the proper adjustment, I find that the total operating expenses for 1914

amounts to $32,036.85, and the surplus for the year to $13,497.35 as compared with $10,326.46 in 1913.

I submit herewith the following form of Order:-

O R D E R.

JANSS COMPANY having applied to sell and Belvedere Water Company to purchase a certain water plant and system hereinafter more specifically described, and Belvedere Water Company having applied to issue all its capital stock, except such shares as may be necessary to qualify directors, in payment for said property, and a hearing having been held, and the Commission being fully apprised in the premises, and it appearing that the stock herein asked to be issued is not in whole or in part reasonably chargeable to operating expenses or to income;

THE COMMISSION HEREBY FINDS AS A FACT that public convenience and necessity will be served by permitting the transfer of the water properties of Janss Company to Belvedere Water Company; and basing its order upon the foregoing findings of fact in the Opinion and Order;

IT IS HEREBY ORDERED that Janss Company be given authority and it is hereby given authority to sell, and Belvedere Water Company to purchase the following property described in Exhibit "B":

"First. All those certain lots, pieces or parcels of land in the county of Los Angeles, State of California, particularly described as follows, to-wit:

1. Lots Three (3), Four (4), and Five (5) of Block "A", of the Laguna Tract, as per Map recorded in Book 12, Page 173 of Maps, Records of Los Angeles County.

2. Lot Seventeen (17), Block Forty (40), of E.S. Field's Occidental Heights Tract, as per map recorded in Book 15, Pages 99 and 100, of Miscellaneous Records of Los Angeles County.

3. The West Fifty (50) feet of Lot Eleven (11), Block "C", Wellington Heights Tract, Subdivision No. 1, as per map recorded in Book 5,

page 7, of Maps, Records of Los Angeles County.

4. Lot Ten (10), Block "J", of the Janss Tract, as per map recorded in Book 15, pages 38 and 39 of Maps, Records of Los Angeles County.

5. Lot One (1), Block "G", of the Janss Tract, as per map recorded in Book 15, pages 38 and 39 of Maps, Records of Los Angeles County.

6. Lot Eight (8), of Tract 2553, as per map recorded in Book 26, page 1, of Maps, Records of Los Angeles County.

Second. The water plant and water distributing system, together with all personal property of every kind and description belonging or appertaining thereto, or used in connection therewith, heretofore operated by Janss Company, and situated within that certain territory in said County of Los Angeles known as Belvedere."

IT IS FURTHER ORDERED that Belvedere Water Company be granted authority and is hereby granted authority to issue 995 shares of its capital stock of the par value of $100 each, to said Janss Company in payment for said property.

IT IS HEREBY FURTHER ORDERED that Belvedere Water Company be granted authority and is hereby granted authority to issue one share of stock of the par value of $100.00 to each of its five directors.

The foregoing authority is granted upon the following conditions and not otherwise:

(a)-The value of $173,543.63 presented as an appraised value of the property herein authorized to be sold and purchased, or the purchase price herein authorized to be paid, shall not be binding upon this Commission or any other rate fixing body for rate fixing purposes or otherwise.

(b)-The fact of this exchange in ownership of the property shall not be used for the purpose of increasing or changing the rates for water delivered by Belvedere

Water Company from the system it is herein authorized to purchase.

(c)-The stock to be issued and delivered by Belvedere Water Company to Janss Company shall not be issued and delivered until such time as Belvedere Water Company has secured a good and sufficient deed to the property to be transferred to it by said Janss Company.

(d)-The applicants hereto shall report to this Commission when the stock herein authorized is issued and the property transferred to Belvedere Water Company.

(e)-This order shall apply only to such stock as may be issued on or before June 20, 1915.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 21st day of May, 1915.

H. D. Loveland

Alex Gordon

Frank R. Devlin

Commissioners.