

Decision No. 3394

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application
of JOHNSTONE-LA VERNE WELL COMPANY,
a corporation, for an order author-
izing it to convey certain real pro-
perty.

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) Application No. 2273.
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James S. Bennett for applicants.

BY THE COMMISSION:

O P I N I O N.

Applicant applies to the Railroad Com-
mission for authority to sell to San Dimas Water Company
its wells, pumping plant and equipment. The proposed pur-
chase price is \$10,000. face value of first mortgage bonds of
the purchaser, a mutual water company.

Applicant's property was originally in-
stalled by James A. Johnstone, who formerly owned four
orange groves near San Dimas, Los Angeles County, served
by the plant which was located on what is known as the home
place. He subsequently sold the home place, and with the
property granted the first right to use eight inches of
water from the two wells. He granted with each of the three
other groves transferred, the right to use two inches of
water from these wells, expecting to later organize a mu-
tual water company and issue its stock in lieu of said
rights.

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On March 4, 1912 he incorporated applicant with a capital stock of sixty-four thousand dollars (\$64,000), divided into six hundred and forty (640) shares of the par value of one hundred dollars (\$100.) each, representing one inch of water to eight shares of stock to be placed on eight acres of land. Its articles of incorporation, however, do not limit service of water to its stockholders. He conveyed to applicant the parcel of ground 32x132 feet, on which is located the two wells in question, together with the pumping plant and equipment. In payment for the property transferred, applicant issued to him all of its capital stock. Of this stock, 64 shares was placed by him in applicant's treasury in anticipation of subsequently issuing it in exchange for the water right of eight inches deeded with the home place. The owner of each of the three groves holds sixteen shares of applicant's stock and James A. Johnstone holds five hundred and twenty-four of its shares, each of the other four shares being held in trust for him. The value of the property in question is stated to be about \$10,000. No valuation of it has been made, however.

Both before and after the organization of applicant, water was served for compensation on various occasions to stockholders of San Dimas Water Company. The plant in question has been operated by San Dimas Water Company for most of the time since applicant's organization under an arrangement by which the four groves were served with water, the company using the surplus. An arrangement has now been made by which the stockholders owning the three groves have agreed to exchange their stock on the basis of sixteen shares to ten shares of stock in San Dimas Water Company, and to convey to said company their rights to water under their deeds. They will thus be served

equally well. All of the other stockholders have signed and filed written consent to the transfer. It is proposed to convey the property subject to conveyance of the 8 miner's inches of water for the home place.

O R D E R.

JOHNSTONE-LA VERNE WELL COMPANY having applied to the Railroad Commission for authority to convey its wells and pumping plant to San Dimas Water Company in exchange for \$10,000 face value of first mortgage bonds of the latter company, and a public hearing having been held thereon and there being no objection made to said application, and it appearing to be for the public interest that it be granted,

IT IS HEREBY ORDERED that Johnstone-La Verne Well Company be and it is hereby authorized and empowered to convey hereafter free from indebtedness to San Dimas Water Company the property described in draft of proposed deed, a copy of which is attached to the application, and to execute and deliver deed in said form.

Said order is upon the following conditions and not otherwise:

1. The authority hereby given to convey said property in exchange for said bonds shall not be considered before this Commission or any other public authority as representing for any purpose other than the present application the actual value of the property authorized to be conveyed.

2. The authority hereby granted shall apply only to such property and rights as shall have been transferred and such bonds as shall have been issued on or before sixty (60) days after the date hereof.

3. Within twenty (20) days after the transfer herein authorized shall have been made, applicant shall report said fact to this Commission in writing and supply copy of instruments of transfer of said property.

Dated at San Francisco, California, this 2nd day of June 1916.

Max Thelen
H. J. Ireland

Fran R. Dolan
Commissioners.