

GEM

Decision No. _____

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

—ooOoo—

Decision No. 4269-

In the Matter of the Application
of O. SCRIBNER, CHAS. B. BILLS,
C. E. McLAUGHLIN, as Trustee, and
T. G. PATTON for permission to sell,
convey and transfer, and of DIAMOND
RIDGE WATER COMPANY, a corporation,
to purchase, and to issue its capital
stock for, all of the water rights,
ditches, canals, races, flumes, pipes,
dams, reservoirs, rights of way, ease-
ments, franchises, privileges, lands
and property of every kind belonging
or appurtenant to and constituting
the "DIAMOND RIDGE" DITCH SYSTEM, in
El Dorado County, California, and
certain other water rights, dam sites
and ditches to be used therewith.

Application
No. 2799

C. A. Swisler, for Applicant.

BY THE COMMISSION.

O P I N I O N

This is an application by O. Scribner, Chas.
B. Bills, C. E. McLaughlin, as Trustee, and T. G. Patton,
for authority to sell, and of Diamond Ridge Water Com-
pany, a corporation, for authority to purchase, a certain
water system in El Dorado County, together with certain
water rights and other property connected therewith, which
system and property are more particularly described in the
appendix annexed to this decision. Diamond Ridge Water
Company also requested authority to issue to the present

owners capital stock in such an amount as the Commission might authorize for the purchase of said properties.

A public hearing was held in Placerville, April 20th, 1917, before Examiner Bancroft.

The Diamond Ridge Water Company was organized in March, 1916, with an authorized capital stock of the total par value of \$500,000.00, divided into 10,000 shares of the par value of \$50.00 each, no stock having thus far been issued excepting one share to each of the five incorporators.

It appears from the evidence that this corporation was organized for the purpose of taking over the properties above mentioned and that the sole object of this application is to transfer the same from individual to corporation ownership. The present owners are to receive stock in the corporation in proportion to their present interests. As the property is now being operated at a considerable annual loss, it would be extremely difficult for this Commission to determine its value in its present condition. Aware of this fact, applicants at the hearing requested the Commission to authorize the transfer for any nominal amount of stock which the Commission might deem proper, upon the understanding that the amount of stock thus authorized for the purchase price of the properties should not be regarded as a determination of the value of the system for any purpose whatsoever.

Mr. J. B. Holly, applicant's engineer, estimated the total depreciated value of the property at approximately \$520,000.00, the water rights being valued by

him at \$300,000.00 and the depreciated reproduction cost of the entire system, unused as well as used, at \$220,000.00.

Milo H. Brinkley, one of the Commission's engineers, testified that, basing his figures upon an examination of the property and the information given him by employees of applicants as to the construction of portions of the system, he had estimated the reproduction cost less depreciation of the physical portions of the system in use at \$186,334.00. He further stated that in his computations he had made no allowance for depreciation of earthwork in the ditches, and that he had made no estimate as to the present value of the system. This system was originally installed for mining purposes and the reproduction cost may have only a comparatively slight bearing upon its present value; but since, for the reasons above set forth, there is no need of our making any determination in this proceeding as to the value of the property, we shall grant the application and authorize Diamond Ridge Water Company to issue the arbitrary amount of \$100,000 par value of its capital stock in payment for the properties transferred.

ORDER

O. SCRIBNER, CHAS. B. BILLS, C. E. McLAUGHLIN, as Trustee, and T. G. PATTON, having applied to this Commission for authority to sell to Diamond Ridge Water Company their water system, hereinafter more particularly described, and DIAMOND RIDGE WATER COMPANY having requested authority to issue capital stock in payment for the same, and a public hearing having been held, and it appearing to this Commission for the reasons set forth in

the foregoing opinion that the application should be granted,

IT IS HEREBY ORDERED that O. Scribner, Chas. B. Bills, C. E. McLaughlin, as Trustee, and T. G. Patton be, and the same are hereby, authorized to sell to Diamond Ridge Water Company for \$100,000.00 par value of the stock of said corporation, all the property, real or personal, described in the appendix hereto, marked "Appendix A", and hereby incorporated into and made a part of this opinion and order.

IT IS HEREBY FURTHER ORDERED that Diamond Ridge Water Company be, and the same is hereby, authorized to issue to the present owners of said properties \$100,000.00 par value of its capital stock in payment for said properties.

The authority herein granted is granted upon the express understanding that the said purchase price of \$100,000.00 is merely an arbitrary sum fixed solely for the purpose of this proceeding, and subject to the condition that said purchase price and the action of this Commission in authorizing the issue of said stock and the transfer of said properties shall not be binding either upon Diamond Ridge Water Company, or upon this Commission or any other rate fixing body, as affecting the valuation of said properties for rate fixing, or any other purposes.

Dated at San Francisco, California this 26th day of April, 1917.

Max Thelen
W. H. Gordon
Edwin O. Edgerton
Frank R. Sullivan

Commissioners.

APPENDIX "A"

Property owned by O. Scribner, Chas. B. Mills and C. E. McLaughlin, as trustee, and constituting the "Diamond Ridge" Ditch System, situated in the County of El Dorado, State of California:

All that system of canals, ditches, races, flumes, rights of way, pipes, reservoirs, dams, water rights and franchises which are described in and conveyed by that certain deed dated November 24th, 1873, executed by W. H. Brown, Sheriff of El Dorado County, to Henry Miller, which deed is now of record in the office of the County Recorder of said El Dorado County in Book "Q" of Deeds at page 12, et seq., and which said system of canals, ditches, races, flumes, rights of way, pipes, reservoirs, dams, water rights and franchises are in said deed more particularly referred to and described as follows: All that system of canals, ditches, races, flumes, rights of way, pipes, reservoirs, dams, water rights, and franchises of the Eureka Canal Company of El Dorado, and which are better known and described as the Jones, Bradley, and American Reservoir extension main trunk canals or ditches, with the water rights belonging thereto, used in connection with such ditches; also each and any reservoir connected with either of the same; and also the auxiliary or branch ditches connected with or used in connection with said Jones, Bradley, and American Reservoir extension main trunk ditches, together with the water rights and reservoirs belonging to or used in connection with such branch or auxiliary ditches, and which such branch or auxiliary ditches are known as and by the names of Sugar Loaf, Indian Creek, Empire, Logtown, Waldo, Pekin, Frenchtown, Saw-mill Creek, Mound Spring, Buck's Flat, New York Ravine, Carson Creek, Big Ravine and Bean Hill ditches, all of which are situated in El Dorado County, State of California, together with all and singular

the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

Also the ditch known as the High Camp Creek Ditch, beginning at a point on Camp Creek opposite the New Baltic Sawmill and extending about five and one quarter miles in a northwesterly direction to Park Creek at Hazel Valley into which the waters conveyed by said ditch drop, together with all water rights belonging thereto or used in connection therewith, situated in Diamond Springs township, in said County of El Dorado.

Also the ditch known as the Park Creek Ditch, beginning at a point on Park Creek about one half mile below or west of Sly Park and extending in a westerly direction five and one-half miles to the Dry Gulch Gravel Mine, together with all water rights belonging thereto or used in connection therewith, situated in said Diamond Springs township, in said County of El Dorado, excepting only, that certain branch ditch and its water rights mentioned in said Sheriff's deed of November 24th, 1873, as the Webber Creek Ditch and its water rights and appurtenances.

Said Diamond Ridge Ditch System is further described as including the following:

Camp Creek main line running from Camp Creek to Diamond Springs;

North Fork main line, running from the North Fork of Consummes River to Camp Creek;

High Camp Creek and Newton main line, running from Baltic or Camp Creek to Diamond Springs by way of Newton;

Diamond Springs - American Reservoir main line;

Missouri Flat main lateral and minor laterals;

Carpenter Ditch main lateral and minor laterals;

Grand Victory and Tiger Lily main lateral and minor laterals;

Loafer's Hollow main lateral;

Springfield lateral;

Big Canyon main lateral;

Greenstone lateral; and

Two Diamond Springs reservoirs.

Also the American Reservoir tract of land situated in said County of El Dorado and described as follows, to-wit: All that portion of the west half of northwest quarter of Section Thirty-two (32) in Township Ten (10) North, of Range Nine (9) East, Mount Diablo base and meridian, lying west of a certain straight line running from the southwest corner of the North half of north half of northwest quarter of northwest quarter of said Section 32 in a southeasterly direction about 2500 feet to the northwest corner of the east half of east half of northwest quarter of southwest quarter of ~~northwest quarter~~ of said Section 32, and containing 26.25 acres, more or less; also the west half of northwest quarter of southwest quarter and west half of east half of northwest quarter of southwest quarter of said section 32, (excepting, however, so much of said last described piece or parcel of land as is described as follows: Commencing at the northwest corner of the southwest quarter of southwest quarter of northwest quarter of southwest quarter of said Section 32, thence running south five chains, thence east five chains, and thence northwesterly to the place of beginning, and containing 1.25 acres), and containing, less said excepted piece or parcel, 28.75 acres, more or less.

Also, the south half of the northeast quarter of northeast quarter, and the south half of north half of northeast quarter of northeast quarter of Section Thirty-one (31): that portion of the northwest quarter of northeast quarter of said Section 31 which lies east of a line commencing at the northeast corner

of the southeast quarter of said northwest quarter of northeast quarter of said Section 31 and running thence in a straight line southwesterly to the southwest corner of the east half of the southeast quarter of said northwest quarter of northeast quarter of said Section 31; the east half of southwest quarter of northeast quarter of said Section 31; the southeast quarter of northeast quarter of said Section 31, the north half of north half of northeast quarter of southeast quarter of said Section 31; the southeast quarter of northeast quarter of northeast quarter of southeast quarter of said Section 31; that portion of the southwest quarter of northeast quarter of northeast quarter of southeast quarter of said Section 31 which lies east of a line commencing at the northwest corner of said last described two and one-half acre tract and running thence southeasterly in a straight line to the southeast corner of said tract; and that portion of the northeast quarter of southeast quarter of northeast quarter of southeast quarter of said Section 31 which lies east of a line commencing at the northwest corner of said last described two and one-half acre tract and running thence in a straight line southeasterly to the southeast corner of said tract; all in Township Ten (10) north, of Range Nine (9) east, Mount Diablo Base and Meridian, and containing 107.50 acres, more or less.

Water rights situated in El Dorado County, California, described as follows:

Right to ten thousand inches of the natural waters, and one million inches of flood, freshet and storm waters, of the North Fork of the Cosumnes River as appropriated by Thomas G. Patton by notice dated March 25, 1911, and of record in said Recorder's office in Book "C" of Water Rights at Page 91.