

ORIGINAL

Decision No. 5302

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of LUCERNE WATER COMPANY, a corporation, for an order authorizing the issue of \$49,950 capital stock.) Application No. 3574.

Winfield Dorn for applicant.

BY THE COMMISSION:

O P I N I O N

LUCERNE WATER COMPANY, a public utility corporation, with a capital stock of \$50,000 divided into 5000 shares of the par value of \$10 each, seeks authority to issue all but 5 shares of its capital stock to liquidate an indebtedness incurred in the construction and acquisition of its plants and system. The remaining 5 shares were issued to qualify directors.

A public hearing in the matter was held by Examiner Westover at San Francisco.

By Decision No. 3712 of September 26, 1916, the Commission declared that public convenience and necessity required the construction of the system in question for the purpose of irrigating territory described

in said application, consisting of about 4200 acres near Grenada, Siskiyou County, (See Vol. II, Opinions and Orders of the Railroad Commission of California, p. 370).

Since that time Mt. Shasta Land & Irrigation Company, which is engaged in marketing the land referred to, but not in operating a water system, has constructed a series of pumping plants, canals and laterals, for the account of applicant, by which water is pumped from the Shasta River and distributed to the lands in question. The amount expended for construction purposes to December 31, 1917, was \$43,253.37, as shown by the books of both companies.

It is estimated that the cost of completion will amount to \$12,000 or \$15,000, of which about \$10,000 has been expended since December 31, 1917. Besides the above expenditures, real estate devoted to pumping, transmission and distribution operations valued by applicant at \$4,091.45, is also to be conveyed to applicant, the entire completed plants and system, with the necessary real estate, to be turned over to it free from debt.

O R D E R

LUCERNE WATER COMPANY, a corporation, having applied to the Railroad Commission for authority to issue stock, and a public hearing upon said application having been held, and it appearing that the property to be procured by the issue of said stock is reasonably necessary for the purposes speci-

fied in this order, which purposes are not in any part chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that Lucerne Water Company, a corporation, be and it is hereby authorized and empowered to issue 4,995 shares of its capital stock of the par value of \$10 per share to Mt. Shasta Land and Irrigation Company or its assigns for the purpose of paying in full for irrigating plants and system constructed near Grenada, Siskiyou County, California, and for the land used or useful in operation of said plants and system, and in liquidation of all indebtedness to said Mt. Shasta Land & Irrigation Company or others, incurred in the acquisition or construction of said property.

The authority herein granted is upon the following conditions:

1. Said plants, system and real estate shall be conveyed to Lucerne Water Company free of all encumbrance, liens or charges by suitable conveyance or conveyances.

2. This authority applies only to such stock as may be issued on or before 90 days from date.

3. Within ten (10) days after said stock has been issued, Lucerne Water Company shall furnish to the Commission certified copy of conveyances received by it for said property for which said stock is to be issued, and shall make verified report to the Com-

mission of the fact and date of issue of said stock and
the person or persons to whom it is issued.

Dated at San Francisco, California, this
12th day of April, 1918.

Max Theles

W. Gordon

Frank R. Doherty
Commissioners.