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ORIGINAL

Decision No. 5388

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of PORTOLA WATER COMPANY, a co-  
partnership, to sell and of the  
PORTOLA WATER COMPANY, a corporation,  
to purchase the Portola water system. )

Application No. 3654.

BY THE COMMISSION.

O P I N I O N

N. F. Golden, J. H. Golden, E. I. Lane and E. V. Darby, co-partners, doing business under the firm name and style of the Portola Water Company, ask authority to transfer the public utility water properties described in Exhibit "1" attached hereto to Portola Water Company, a corporation. The corporation joins in this application and asks authority to issue \$12,000.00 of its common capital stock in exchange for the properties.

A public hearing was held in this application before Examiner Westover on April 30, at San Francisco.

The vendors are engaged in operating a public utility water plant at Portola, Plumas County. The Commission its decision of September 28, 1916 (Vol. 11, Opinions and Orders of the Railroad Commission of California, Page 401) referred to the history of the public utility properties involved in this application. In

fixing the rates to be charged the Commission assumed the fair and reasonable value of the properties to be \$12,000.00. The co-partners propose to transfer the properties to the corporation in exchange for \$12,000.00 par value of common capital stock.

Applicants report that it will be necessary during the present year to increase the water available for distribution at Portola, that for this purpose additional capital funds will be required and they believe that these funds can be more readily obtained if the title to the properties vests in a corporation. Neither the matter of the improvements nor the issue of stock to pay for such improvements is at this time before the Commission.

Portola Water Company, a corporation, was organized in March 1918 with an authorized capital stock of \$25,000.00, divided into 2,500 shares of the par value of \$10.00 each. As said, the corporation now proposes to issue \$12,000.00 of its stock in payment for the properties described in Exhibit "1" attached hereto.

#### O R D E R

N. F. GOLDEN, J. H. GOLDEN, E. I. LANE and E. V. DARBY, co-partners, doing business under the firm name and style of the Portola Water Company, having applied to the Railroad Commission for authority to sell their public utility water plant, and PORTOLA WATER COMPANY, a corporation, having applied to the Commission for authority to purchase the same and issue stock in payment therefor, a hearing having been held, and the Commission being of the opinion that this application should be granted and that the property to be procured or paid for by the issue of stock is reasonably required for the purpose specified in the order and that such purpose is not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that N. F. Golden, J. E. Golden, E. I. Lane and E. V. Darby, co-partners, doing business under the firm name and style of the Portola Water Company be, and they are hereby, granted authority to transfer the public utility water properties described in Exhibit "1" attached hereto to the Portola Water Company, a corporation.

IT IS HEREBY FURTHER ORDERED that the Portola Water Company, a corporation, be and it is hereby, granted authority to issue at not less than the par value thereof, \$12,000.00 of its common capital stock, upon the following conditions:-

1.-The stock herein authorized to be issued shall be delivered to N. F. Golden, J. E. Golden, E. I. Lane, and E. V. Darby in exchange for the properties described in Exhibit "1" attached hereto.

2.-The authority herein granted shall not be considered before this Commission or any other tribunal as determining the value of said properties for the purpose of fixing rates or for any other purpose than that of the present application.

3.-Within ten days after receiving conveyance of said properties, Portola Water Company, a corporation, shall file with the Railroad Commission a copy of the deed of conveyance.

4.-The authority herein granted shall not become effective until Portola Water Company, a corporation, shall first have filed with the Railroad Commission a stipulation duly authorized by its Board of Directors declaring that Portola Water Company will never claim before the Railroad Commission or any court or other public body a value for

the franchise rights granted by Ordinance Number 168 of the Board of Supervisors of Plumas County in excess of the amount actually paid to Plumas County as the consideration for the grant of such franchise, which amount shall be stated in said stipulation, nor until the Portola Water Company shall have received from the Railroad Commission a supplemental order declaring that such stipulation in form satisfactory to the Railroad Commission has been filed with the Railroad Commission.

5.-Portola Water Company, a corporation, shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the stock herein authorized to be issued and on or before the twenty-fifth day of each month, until all of said stock has been issued, make verified reports to the Railroad Commission in accordance with the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

6.-The authority herein granted shall apply only to such stock as shall have been issued on or before September 1, 1918.

Dated at San Francisco, California, this 8th day of May, 1918.

Max Heelan

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Edwin O. Edgerton

Fran R. DeWolfe  
Commissioners.

EXHIBIT "1"

In a statement attached to the petition herein, the properties to be transferred by N. F. Golden, J. H. Golden, E. I. Lane and E. V. Darby, co-partners doing business under the firm name and style of Portola Water Company, to the Portola Water Company, a corporation, are described as follows:-

That certain franchise granted by Ordinance of the Board of Supervisors of the County of Plumas, State of California, being Ordinance No. 168, duly passed by unanimous vote of said Board of Supervisors on the 7th day of January, 1911;

The N. $\frac{1}{2}$  of the NE $\frac{1}{2}$  of Section 11, Tp., 22 N.R. 13, E.M.D.M.,

Lot 16 of Block 15 of Robert's Lumber Company Addition to the townsite of Portola, Plumas County, California;

All springs situated in the NW $\frac{1}{2}$  of NE $\frac{1}{2}$  of Section 7, T.22 N.R. 14 E.M.D.M., and the SW $\frac{1}{2}$  of SW $\frac{1}{2}$  of Sec. 5, T.22 N.R. 14 E.M.D.M. and in the SW $\frac{1}{2}$  of the SE $\frac{1}{2}$  of Sec. 11, Tp.22 N.R. 13 E.M.D.M., Plumas County, California;

Also those certain water appropriations recorded in Volume 2 of Water Claims, page 295; Volume 2 of Water Claims page 335; Volume 2 of Water Claims, page 340; Volume 3 of Water Claims, page 41, and Volume 3 of Water Claims, page 122, records of Plumas County, California.

Also right of way over and across the N $\frac{1}{2}$  of the NE $\frac{1}{2}$  of Sec. 7, Tp.22 N.R. 14 E. and the W $\frac{1}{2}$  of Sec. 6, same township and range, for the construction and maintenance of ditches, pipe lines and flumes for the conveyance of water, with any reservoir sites, dam sites or other storage facilities for water, available thereon;

Also right of way over and across Lots 1 and 6 Sections 6 and 7, Tp. 22 N.R. 14 E. and N. $\frac{1}{2}$  of NE $\frac{1}{2}$  Sec. 11 Tp.22 N.R. 13 E.M.D.M., for the construction and maintenance of ditches, flumes and pipe lines.

Also all rights granted by the Roberts Lumber Company, by agreement dated September 15, 1913, recorded in Volume 6 of Agreements, page 140, records of Plumas County, California;

Together also with all pipe lines, pipe and connections, all reservoirs and reservoirs sites, dam and dam sites, water and water rights, and all property real or personal owned by the Portola Water Company, a co-partnership, in the County of Plumas, State of California, including all bills receivable, cash on hand, including all bank accounts and deposits and sinking funds.