

MM

Decision No. 5887-

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of WESTERN EMPIRE SUBURBAN FARMS
ASSOCIATION for an order authoriz-
ing the sale of its water lands
and entire water system to a pro-
posed corporation known as HAINES
CANYON WATER COMPANY.

Application No. 4038.

M. V. Hartrunft and C. S. Tappan for
Western Empire Suburban Farms Association.

LOVELAND, Commissioner.

O P I N I O N

In this application Western Empire Suburban Farms Association asks authority to sell all of its public utility water properties described in Exhibit "1" to the Haines Canyon Water Company. The latter company desires authority to issue \$100,000.00 par value of its common capital stock in exchange for the properties.

Reference is here made to Decision Number 5065, dated January 21, 1918 in which decision the Commission established the rates to be charged by the Western Empire Suburban Farms Association and also referred to the history of this water plant, its financing and construction. The decision shows that Mr. A. R. Carter estimated the reproduction cost of the water plant at \$170,720.00; and the reproduction cost less depreciation at

\$153,255.72. The original cost of the plant he reported at \$124,825.93. The Engineering Department of the Commission found the cost of the operative properties as of 1916 to be \$44,255.00; the cost of the non-operative water properties to be \$68,562, making a total for the entire water properties of \$112,817.00. Mr. J. W. White, assistant auditor for the Railroad Commission, in the Commission's Exhibit No. 4, in Application No. 2912, found the original cost of the plant and system to have been \$117,899.18.

The testimony of M. V. Hartranft, President of Western Empire Suburban Farms Association, shows that the association has a bonded indebtedness of \$48,000.00, against the land department; and other indebtedness of about \$15,000.00 secured by mortgages. The water properties, he reports, are free and clear of all encumbrances. No creditors are said to object to the transfer of the properties. The \$100,000.00 of stock to be received by Western Empire Suburban Farms Association, in exchange for properties, will be held by it as security for its bonded and other indebtedness.

The purpose of this application, as outlined in the evidence, is to separate the public utility properties and business of Western Empire Suburban Farms Association, from the land business in which the corporation is primarily engaged.

M. V. Hartranft reports that no claim would be made, that the amount of stock issued by Haines Canyon Water Company, should be considered as a rate base.

I herewith submit the following form of Order:

O R D E R

WESTERN EMPIRE SUBURBAN FARMS ASSOCIATION having filed with the Railroad Commission an application for authority to sell its properties to the Haines Canyon Water Company in exchange

for \$100,000.00 of stock, a public hearing having been held; and the Commission being of the opinion that this application should be granted and that the money, property or labor to be procured or paid for by such issue, is reasonably required for the purpose or purposes specified in the Order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Western Empire Suburban Farms Association be, and it is hereby, granted authority to sell and transfer to the Haines Canyon Water Company, its public utility properties described in Exhibit "1" attached hereto.

IT IS HEREBY FURTHER ORDERED that Haines Canyon Water Company be, and the same is hereby, granted authority to issue \$100,000.00 par value of its common capital stock at not less than par for the purpose of acquiring the aforesaid properties.

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

1.-The stock herein authorized to be issued shall never be urged before this Commission or other public body as a measure of the value of the properties herein authorized to be transferred for the purpose of fixing rates or any other purpose other than that referred to herein.

2.-Haines Canyon Water Company 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 and the proceeds disbursed, shall make verified reports to the Commission in accordance with the Commission's General

EXHIBIT NUMBER "1"

In Exhibit No. "1", filed August 31, 1918, in Application Number 4038, the property to be transferred by the Western Empire Suburban Farms Association to the Haines Canyon Water Company, is described as follows:-

"All that Real Property, described as follows, to-wit: the West half of the Northwest quarter section seventeen (17), Township 2 North, Range 13 West, S. B. B. & M; also Lot A of the Western Empire Tract, as per Sheet #1, Map book 1, pages 150 & 151, Records of Los Angeles County; also, part of Johnson Rancho, containing about one acre, described as fol: Beg. at Station 9 of the Rancho TuJunga, thence North 25 deg. 0 minutes east 179.25 feet; thence north 62 deg 22 min east 291.50 feet; thence West 398.66 feet; thence South 11 deg 45 min east 302.64 feet to point of beginning, as per Book 1, page 561 patents; also, The westerly 85 feet of Lot 12 in Sunland Villa Tract, as per map recorded in records of Los Angeles County; also lot 372 Los Terrenitos Tract per Map book 24, page 81; also the South half of lot 164 Los Terrenitos Tract as per Map book 23, pages 38 & 39; also the reservoir site as now constructed on the South east quarter of the south east quarter of Section 18 Township 2 North, Range 13 West, S. B. B. & M, approximately on lot number 19 of Tract 2055; all of said real property being in the County of Los Angeles, California. TOGETHER with all water rights and waters appertaining or appurtenant thereto, and pipe lines, diversion works, tunnels, rights of way, licenses, franchises and permits now used and necessary in the operation of the public water utility in and about the Western Empire Tract, Monte Vista valley, California."

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