

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of TERRA BELLA CITY WATER COMPANY to purchase and of Terra Bella Development Company to sell the water plant and system of Terra Bella Development Company and of Terra Bella City Water Company to issue 150 shares of its capital stock to said Terra Bella Development Company in payment therefor.

Application No. 339.

Frank J. Thomas, for applicants.

LOVELAND, Commissioner.

OPINION.

This application came on regularly for hearing at Los Angeles April 23rd, 1913 after the preliminary requirements, such as notice of hearing, filing copies of the articles of incorporation, financial statements, certificates of publication, etc., had been duly complied with, and the testimony discloses the following state of facts:-

The Terra Bella Development Company was incorporated to sell real estate in a section of Tulare County. That within the section where the real estate of said company was located, the town of Terra Bella was started and a water plant was developed for the purpose of supplying said town of Terra Bella city.

In order to separate the business of supplying water to the inhabitants of Terra Bella city from the real estate business, the Terra Bella City Water Company was incorporated and the Terra Bella water plant was developed by putting down a well which the testimony shows has a capacity of 50 miners' inches or 450 gallons per minute.

A statement of the expense of the installation of said plant in great detail accompanied the application, showing that the plant cost something over \$16,000.00. It is possible, and even probable, that a careful check of this statement by a competent engineer might result in the elimination of some of the items,

but the necessity for such check does not seem and is not apparent for the disposition of this application.

The installation is practically new and the testimony showed that the people of Terra Bella city were entirely satisfied with the service and rates, and that there was no intention on the part of the company to change the rates; that the supply of water was sufficient to care for the present needs of Terra Bella city and its probable additions in population for some time to come and that the Terra Bella City Water Company was prepared and expected to add to its supply by sinking other wells when the necessity for such expansion arises.

The stockholders and directors of the Terra Bella Development Company and the Terra Bella City Water Company are practically identical. The Terra Bella City Water Company is incorporated for \$25,000.00 divided into 250 shares, par value \$100.00, none of which have been issued pending the decision of this application to the Railroad Commission.

The Terra Bella Development Company now asks to sell the water plant to the Terra Bella City Water Company and the Terra Bella City Water Company joins in that request and also asks permission to issue 150 shares of its authorized issue of 250 shares, said 150 shares to be given to the Terra Bella Development Company in payment of the purchase price of said water plant.

I believe that the interests of the public will best be served by permitting the transfer by the Terra Bella Development Company to the Terra Bella City Water Company of the water plant of Terra Bella and by granting permission to the Terra Bella City Water Company to issue 150 shares of its stock ^{at par} in payment therefor.

I recommend the following Order:-

ORDER.

WHEREAS, the Terra Bella Development Company of Terra Bella, Tulare County, California, is the owner of a water plant devoted to

the purpose of supplying the residents of Terra Bella city, Tulare County, California, with water; and

WHEREAS, said Terra Bella Development Company desires to keep the business of furnishing water separate and distinct from its real estate business and to that end has incorporated the Terra Bella City Water Company and now asks permission to transfer the ownership of said water plant to said Terra Bella City Water Company and receive in payment therefor 150 shares of the Terra Bella City Water Company's stock, which amount of stock the Terra Bella City Water Company asks permission to issue, ^{at par value} to be paid to the Terra Bella Development Company for said water plant; and

The Commission finding that the interests of the public will best be served by permitting said transfer and said issue of stock;

IT IS HEREBY ORDERED: That the Terra Bella Development Company be and it is hereby granted permission to sell its water plant at Terra Bella city, Tulare County, California, to the Terra Bella City Water Company for 150 shares of the Terra Bella City Water Company's stock, and the Terra Bella City Water Company be and it hereby is granted permission to purchase said water plant from the Terra Bella Development Company and to issue to the Terra Bella Development Company 150 shares of its stock ^{at par} in payment therefor.

The Terra Bella City Water Company stipulates that the price which it pays for the water plant, to wit: 150 shares of its stock, shall not be considered, by the Railroad Commission or any other competent authority, in future proceedings relating to the fixing of rates to be charged the residents of Terra Bella City by the Terra Bella City Water Company or its successors.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission

of the State of California.

Dated at San Francisco, California, this 25th
day of April, 1913.

John W. Eschleman

H. J. Ireland

W. J. Gordon

Edwin C. Edgerton

Commissioners.