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Decision No. 6102.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

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In the Matter of the Application of
INVESTMENT WATER COMPANY
and
SENTINEL HEIGHTS WATER COMPANY
for an order authorizing the exchange
and transfer of properties and issue
of capital stock.

Application Number 4285.

Flint & Jutten, by F.R. Williams, for applicants.

LOVELAND, Commissioner.

O P I N I O N.

SENTINEL HEIGHTS WATER COMPANY asks authority to transfer its properties to INVESTMENT WATER COMPANY. The latter company joins in the application and asks permission to issue at par \$30,000 of its common capital stock for the purpose of acquiring the properties.

A description of the properties, which Sentinel Heights Water Company intends to sell to Investment Water Company, is contained in Exhibit "I", attached hereto. The properties are located in Tracts Number 1700 and Number 1798 extending from First to Fifth Avenues, inclusive, and from Vernon Avenue south to 52nd Street, adjacent to the City of Los Angeles. The record shows that 237 consumers are connected with the water system referred to herein. Applicants estimate the value of the properties at \$30,000. The Engineering Department of the Railroad Commission has made an appraisal

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✓ of the properties and estimates the reproduction cost new at \$37,390 and the reproduction cost new less depreciation at \$31,160. In a letter of February 5, 1919, counsel for applicant advised the Commission that they found the appraisal made by the Commission's engineers satisfactory and that they were willing to accept the same.

On or about February 15, 1913, Los Angeles Investment Company caused to be organized the Sentinel Heights Water Company with an authorized capital stock of \$1,000,000 divided into 1,000,000 shares of the par value of \$1.00 each. Sentinel Heights Water Company issued stock in the amount of \$300,050. All of its outstanding stock is owned by the Los Angeles Investment Company. To bring about a closer relationship between the value of the properties and the amount of stock issued against the properties, Los Angeles Investment Company has caused to be organized on or about November 18, 1918 the Investment Water Company with an authorized capital stock of \$30,000 divided into 30,000 shares of the par value of \$1.00 each. If this application is granted, the \$30,000 of stock of the Investment Water Company will be issued to Sentinel Water Company in exchange for its properties and in turn will be delivered by the Sentinel ^{Heights} Water Company to the Los Angeles Investment Company in exchange for the \$300,050 of Sentinel Heights Water Company stock outstanding. It is the intention of applicants, as soon as this transaction is consummated, to dissolve the Sentinel Heights Water Company. The granting of this application will involve, for all practical purposes, no change in the management of this water system and no one has appeared at the hearing to protest against the issue of the \$30,000 of stock.

I herewith submit the following form of Order.

O R D E R.

SENTINEL HEIGHTS WATER COMPANY having applied to the

Railroad Commission for permission to sell its properties to the Investment Water Company and the latter company having requested permission to purchase the same and to issue in payment therefor \$30,000 of common capital 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 the issue of \$30,000 of stock 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 SENTINEL HEIGHTS WATER COMPANY be, and it is hereby, granted authority to sell to the INVESTMENT WATER COMPANY the properties described in Exhibit "I", attached hereto.

IT IS HEREBY FURTHER ORDERED that INVESTMENT WATER COMPANY be, and it is hereby, granted authority to issue, at not less than par, in payment for the properties described in Exhibit "I", attached hereto, \$30,000 par value of its common capital stock.

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

- (1).-- The consideration at which the public utility properties are herein authorized to be transferred shall not be considered as a measure of value of said properties before this Commission, or any other public body, for rate-fixing, or any purpose other than the transfer herein authorized.
- (2).-- Within thirty days after the execution by petitioners herein of an instrument of conveyance transferring the pro-

parties herein referred to, a certified copy of said instrument of conveyance shall be filed with the Railroad Commission by the Investment Water Company.

(3).-- Investment Water Company shall keep a true and accurate record of the issue of the stock herein authorized, and on or before the twenty-fifth day of each month shall file with the Railroad Commission a verified report, as required by the Railroad Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

(4).-- The authority herein granted to transfer property and issue stock shall apply only to such property as may be transferred and to such stock as may be issued on or before May 1, 1919.

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 13th day of February, 1919,

Edwin O. Edgerton
H. W. Loveland
H. W. Bondage
I. W. Martin
Commissioners.

EXHIBIT "I"

The property which Sentinel Heights Water Company intends to transfer to the Investment Water Company for \$30,000 of common capital stock is in Exhibit "F-1" and Exhibit "F-2" described as follows:

Lots 197 to 200, both inclusive, and Lots 245 to 252, both inclusive, of Tract 1700, as recorded in Book 22, page 29, Miscellaneous Records.

Pump house building is a frame building with concrete floor.

Wells consist of three 12" wells, together with reinforced concrete pits 12 ft. in diameter and approximately 30 ft. deep.

Pumps - 2 Turbine pumps and motor capacity 825 gallons per minute against 225 ft. head, together with all fittings, suction lines, discharge lines, gates, valves, etc.

Pipe lines are located as follows:- On First, Second, Third, Fourth and Fifth Avenues from the south line of Tract 1798 and extending north 2604 lineal feet to Vernon Avenues as extended. The above mentioned pipe line is 4" standard cast iron pipe. Pipe line on Vernon Avenue consisting of 8" standard cast iron pipe and running from the intersection of Vernon Avenue and First Avenue to a point 4803 ft. westerly. 1185 ft. of 8" standard cast iron pipe from the corner of Vernon Avenue and Fifth Avenue to a point 1185 ft. south. 127 ft. of 8" O.D. casing running from Fifth Avenue to pumping plant. Also, 1584 ft. of 8" O.D. casing running from the extension of Vernon Avenue to water tank located on a portion of that property known as the St. Vincent College Site.

Redwood tank 50,000 gallon capacity, together with concrete foundation and including all fittings, gates, etc. for same.

Approximately 200 service meters, installed, together with service pipes from discharge main to curb.

Together with all other property and assets.