



In Application No. 5443, as amended at the hearing. Baldwin Park Domestic Water Company, a corporation, asks permission to acquire the properties/<sup>free and</sup>clear of all liens and encumbrances and issue in payment therefor, \$99,500. of its common capital stock. In Exhibit "C" attached to the petition in Application No. 5442, the cost of the properties to be sold, exclusive of any allowance for water rights and other intangible elements of value, is reported at \$68,426.81.

The Commission's attention is called to a former proceeding, Decision 4169, dated March 7, 1917 ( Vol. 12, Opinions and Orders of the Railroad Commission of California, Page 662) in which the company reported the value of its water rights at from \$120,000. to \$150,000. This claim, however, was disallowed by the Commission, in so far as it had any bearing in that particular proceeding.

The present value of the properties is claimed to be at least \$100,000. In connection with Application No. 4585 and Case No. 1514, the Commission's engineers made a careful examination of the public utilities properties owned by S.M. Walker and reported that the cost thereof, as shown by his records as of April 1, 1919, was \$49,574. They also reported that the cost included arbitrary overhead charges which were unjustified. For the purpose of rate fixing, the Commission found that \$42,000. represented the fair service value of used and useful properties of the water system

Taking into consideration the amount used by the Commission as a rate base, the cost of additions and betterments since the fixing of the rates, and making allowance for intangible elements of value, I have reached the conclusion that \$60,000. is the maximum amount of stock that Baldwin Park Domestic Water Company should issue to acquire the properties referred to in these proceedings.

The financial statement attached to the petition in Application No. 5442 shows that S. M. Walker owes in the form of notes payable, \$20,500.; and in the form of accounts payable, \$7,666.01.

S. M. Walker testified that he would pay this indebtedness and that none of it would be assumed by the Baldwin Park Domestic Water Company.

I herewith submit the following form of Order.

O R D E R.

S. M. Walker, proprietor of Baldwin Park Domestic Water Company, having applied to the Railroad Commission for permission to sell his public utility properties to Baldwin Park Domestic Water Company, a corporation, and the latter having joined in the application and having asked permission to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that not more than \$60,000. of stock should be issued in payment for the properties, and that the money, property or labor to be procured or paid for by such, is reasonably required for the purpose or purposes specified in this Order:

IT IS HEREBY ORDERED that S. M. Walker, proprietor of Baldwin Park Domestic Water Company, be and he is hereby authorized to sell free and clear of all encumbrances, to Baldwin Park Domestic Water Company, a corporation, the public utility properties described in Exhibit "B" attached to the petition in Application No. 5442:

IT IS HEREBY FURTHER ORDERED that Baldwin Park Domestic Water Company, a corporation, be and it is hereby authorized to issue in payment for the aforesaid properties, \$50,000.00 of its common capital stock.

The authority herein granted is subject to the following conditions:-

1. The consideration paid by Baldwin Park Domestic Water Company, a corporation, for the properties which it is herein authorized to purchase, shall never be urged as a rate base before this Commission or other tribunal having jurisdiction.

2. Within 30 days after the transfer of the properties herein authorized, Baldwin Park Domestic Water Company, a corporation, shall file with the Railroad Commission a verified copy of the deed under which it acquired title to the properties.

3. Baldwin Park Domestic Water Company, a corporation, shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this Order.

4. The authority herein granted will apply only to such stock as may be issued, and to such transfer as may be made, on or before October 1, 1920.

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

Dated at San Francisco, this 5<sup>th</sup> day of April, 1920.

Edwin C. Escherton

Frank P. Johns

H. S. Brundage

Commissioners.