

Decision No 8746.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
RUSSIAN RIVER WATER COMPANY to ac-)
quire from John Starrett and Ellen)
Starrett, his wife, the operative)
properties used in connection with)
serving water to the public in and)
adjacent to Monte Rio, Sonoma County,)
California.)

Application No. 5718.

A. F. Lemberger for applicant
and for North Shore Land Company.

BY THE COMMISSION.

O P I N I O N

Russian River Water Company, an incorporated public utility, applies in this proceeding for authority to purchase from John Starrett and Ellen Starrett, his wife, a certain water system owned and operated by them in Sonoma County, and to issue its stock at par in payment therefor in such amount as shall be fixed by appraisal of the Railroad Commission. John Starrett and Ellen Starrett have joined in said application and subscribed to all the facts set out therein as the parties desiring to sell said system and properties, said properties being more particularly described in an inventory and proposed bill of sale attached to the application and made a part thereof.

A public hearing was held in this matter before Examiner Satterwhite at Monte Rio.

It appears that the system in question, hereinafter sometimes

referred to as the Starrett system, supplies some seventy consumers, and is so situated that Russian River Water Company proposes to and can advantageously connect said system directly with its present water system, thereby improving service conditions and increasing the water supply, which has heretofore at times been inadequate to meet the demands of the consumers of the Starrett system.

For the purpose of determining the amount of stock to be issued by Russian River Water Company in payment for the Starrett system, an appraisal of the properties was submitted at the hearing by Mr. H. A. Noble, one of the Commission's hydraulic engineers. No lands or water rights are included in the transfer. The present diversion structures are located on lands owned by the North Shore Land Company, whose interests were represented at the hearing. In addition to the structural properties there is included in the proposed transfer certain rights-of-way and easements, being those at present utilized by the system and others reserved for possible future extensions or relocations of pipe, mains or structures.

After a careful consideration of the evidence submitted and the facts above outlined concerning the elements of value, it is found that \$4,500 represents the present fair value of the Starrett system for the purposes of this proceeding, and we are of the opinion that for the purpose of acquiring these properties, Russian River Water Company should be permitted to issue \$4,500 par value of its common stock.

O R D E R

RUSSIAN RIVER WATER COMPANY having applied to the Railroad Commission for permission to acquire from John Starrett and Ellen Starrett, his wife, certain properties used in connection with serving water to the public in and adjacent to Monte Rio, Sonoma County, and John Starrett and Ellen Starrett having joined in said application; a

public hearing having been held and the Commission being of the opinion that the application should be granted and that Russian River Water Company be permitted to issue \$4,300 of its common stock in payment for said Starrett system, and it appearing that the expenditures for the purpose of acquiring said properties are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that John Starrett and Ellen Starrett, his wife, be and they are hereby authorized to sell, and Russian River Water Company is authorized to purchase at a cost of \$4,300, free and clear of all liens and encumbrances, those certain structures, mains and rights-of-way comprising the present operative water properties of what is known as the Starrett system, said properties being more particularly described in an inventory which was submitted for the purposes of this proceeding, said sale and transfer to be made in accordance with the terms and conditions of the proposed bill of sale attached to the application herein.

IT IS FURTHER ORDERED that Russian River Water Company be and it is hereby authorized to issue in full payment for the properties which it is herein authorized to purchase \$4,300 of its common capital stock.

The authority herein granted is subject to the following conditions:

1. The stock herein authorized to be issued in payment for the properties which Russian River Water Company is herein permitted to acquire shall not be urged before this Commission or any other public body as a finding of value of said properties for rate fixing or any purpose other than the purpose other than the transfer herein permitted.
2. Russian River Water Company 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, insofar as applicable, is made a part of this order.

3. Within fifteen (15) days after the transfer of the properties herein authorized is effected, a certified copy of the instrument of conveyance under which Russian River Water Company receives and holds title to the properties shall be filed with the Commission.
4. Within ten (10) days from the date on which John and Ellen Starrett shall have relinquished possession and control of the public utility properties herein authorized to be transferred, said parties shall file with the Railroad Commission a certified statement setting forth the date on which such possession and control was actually relinquished.
5. The authority herein granted to transfer properties and issue stock will apply only to such properties as may be transferred and to such stock as may be issued on or before July 1, 1921.

Dated at San Francisco, California, this 15th
day of March, 1921.

Frank D. ...
A. J. ...
J. ...

Commissioners.