

Decision No. 8747.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of )  
RUSSIAN RIVER WATER COMPANY to ac- )  
quire from Leppo Realty Company the )  
operative properties used in connec- )  
tion with serving water to the public )  
in and adjacent to Monte Cristo. )  
Sonoma County, California. )

Application No. 5719.

A. F. Lemberger for applicant.

BY THE COMMISSION.

O P I N I O N

Russian River Water Company, applicant herein, is an incorporated public utility, engaged in the business of supplying water to consumers in Monte Rio, Mesa Grande, Sheridan and adjacent territory in Sonoma County, California. In this proceeding applicant asks for authority to purchase from the Leppo Realty Company, a corporation, its water supply system located in the same vicinity, and to issue its stock at par in payment therefor in such amount as shall be fixed by appraisal of the Railroad Commission. Leppo Realty Company has joined in said application and in all the facts set out therein, as desiring to dispose of said system and properties to said Russian River Water Company.

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

The evidence shows that the water system in question was installed by Leppo Realty Company to further its real estate operations. The system is so situated that Russian River Water Company

proposes to and can advantageously connect said system directly with its present water system, thereby increasing the supply which has heretofore been inadequate for the consumers served by Leppo Realty Company.

Thus it appears that a more adequate water supply and improved service conditions will be the direct result of this proposed transaction.

No lands, water or water rights to any springs or streams are included in the proposed transfer, neither is the pump plant included which now provides the main water supply. A description of the property sought to be transferred is set out in a proposed form of bill of sale which is attached to the application, and includes all tanks, mains, laterals, service pipes, connections and equipment installed and used by said Leppo Realty Company in its service to the public.

Mr. H. A. Noble, one of the Commission's hydraulic engineers, submitted an appraisal of the properties in question. After an analysis of the various items and taking into consideration all of the evidence submitted, it is found that the sum of \$3,200 is a fair value of this system for the purposes of this proceeding. We are of the opinion that for the purpose of acquiring the properties Russian River Water Company should be permitted to issue \$3200 per value of its common stock.

#### O R D E R

RUSSIAN RIVER WATER COMPANY having applied to the Railroad Commission for permission to acquire properties from Leppo Realty Company and issue stock in payment for such properties, and Leppo Realty Company having joined in the application, a public hearing having been held and the Commission being of the opinion that the Russian River Water Company should be permitted to issue \$3,200.00

of stock to acquire the properties described and referred to in this order, and 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 Leppo Realty Company be and it is hereby authorized to sell, and Russian River Water Company to purchase at a cost of \$3,200.00 free and clear of all liens and encumbrances those certain structures, mains and rights-of-way comprising the present operative water system of said Leppo Realty Company, said properties being more particularly described in an inventory which was submitted for the purpose of this proceeding; said sale and transfer to be made in accordance with the bill of sale attached to the petition.

IT IS HEREBY 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, \$3,200.00 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 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 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 this Commission.

4. Within ten days from the date on which Leppo Realty Company relinquishes possession and control of the public utility properties herein authorized to be transferred, said company 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 15<sup>th</sup>  
day of March, 1921.

Paul R. Quinn

W. B. Howard

Josiah Martin

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Commissioners.