

Decision No. 8791

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SIERRA VALLEY WATER COMPANY,
a corporation, for permission to is-
sue shares of its capital stock rep-
resented by stock certificates.

} Application No. 6260.

Frank R. Wehe and C. S. Morvio for Applicant.

BY THE COMMISSION.

O P I N I O N

SIERRA VALLEY WATER COMPANY, a corporation, seeks auth-
ority to issue all of its capital stock of \$25,000.00 at par.

A public hearing upon the application was held by Exam-
iner Westover at San Francisco.

It appears from the testimony that the promoters of appli-
cant acquired in 1911 possession of an old ditch and diversion works,
constructed about 1854, for the purpose of diverting water from
Little Truckee River, and since that time they and applicant have
conducted such water through said ditch and natural water courses
for the purpose of irrigating lands in the Sierra Valley, located
in Sierra and Plumas Counties. It appears that no charge has been
made for the water used by the farmers of Sierra Valley. The pro-
motors of the enterprise have advanced considerable sums of money
for acquiring and improving the property and now propose to make
additional improvements and properly establish the company's busi-
ness.

Owing to the fact that the right of applicant to divert

3000 miner's inches of the water of Little Truckee River is questioned in litigation now pending in Sierra County, which may affect the value of applicant's stock, it has caused to be prepared a document, introduced in evidence as applicant's Exhibit No. 2, designated a consent and waiver, in which the subscribers for stock apply for and agree to to accept certificate or certificates representing stock with full notice of the pendency of said litigation, and to abide by the result thereof. This document has been signed by prospective holders of 1650 shares of the total authorized capital of 25,000 shares of the par value of \$1.00 each, and it is suggested by applicant's attorney that the Commission's order may require subscribers to sign the consent and waiver before certificates are issued and that certificates may contain a brief recital that certificates are issued subject to the terms of the document to which reference may be made therein. This course will be followed for the protection of the investing public. It is anticipated that practically all of the stock will be sold to residents of Sierra Valley, a large part of whom it is anticipated will be patrons of applicant.

The amount expended by applicant or its incorporators from 1911 to 1920, both years inclusive, in acquiring and improving applicant's properties and in acquiring right-of-way for its ditches, is reported at \$6,695.21. This amount applicant reports was expended for the following purposes:

Land,	\$400.90
Wages and Team Hire,	2,876.50
Supplies,	1,414.17
Surveying and Maps,	657.40
Organization Expenses,	55.80
Attorneys' fees,	550.00
Taxes,	226.21
Interest,	<u>814.23</u>
Total,	\$6,695.21

Applicant reports that it has been conducting negotiations for the purpose of acquiring Webber Lake, Sierra County, and that if it

is able to acquire said lake. it will dam its outlet and create a storage reservoir. Applicant is unable at this time to advise the Commission at what price it may be able to acquire the lake. The cost of the ^{proposed} dam is reported at \$10,000. Applicant further reports that the height of the dam will be about 25 feet and that it will at a height of 20 feet store 9,567 acre feet of water, which will be sufficient to enable the company to serve all water users in the territory throughout which it intends to operate.

Applicant reports that it has subscribers for 2,200 shares of its stock. It asks permission to use the proceeds from the sale of its stock to reimburse its incorporators for all advances made to acquire, construct and protect its properties and rights, to pay the cost of the suit now pending and the cost of acquiring and completing its Webber Lake project. Applicant has not filed with the Commission sufficient information covering all of its expenditures. The order herein will permit the expenditure of \$6,695.21 of the proceeds to reimburse applicant's incorporators and provide that the remainder of the proceeds may be expended only for such purposes as the Railroad Commission may hereafter authorize. Applicant should at once prepare and file with the Commission a detailed statement showing the purposes for which it intends to expend the remaining proceeds.

O R D E R

SIERRA VALLEY WATER COMPANY having applied to the Railroad Commission for permission to issue and sell \$25,000.00 of common stock, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant;

IT IS HEREBY ORDERED, that SIERRA VALLEY WATER COMPANY be, and it is hereby, authorized to issue and sell, for cash, at not less

than par, \$25,000.00 of its common capital stock.

The authority herein granted is subject to the following conditions:

- 1.--Before any stock certificate is issued and delivered, the purchaser shall sign a document similar to that submitted in evidence as applicant's Exhibit No. 2, and the certificate or certificates shall bear upon their face a brief statement to the effect that it is accepted by the holder with notice of litigation pending or threatened, as set forth in applicant's Exhibit No. 2, such statement to appear on each certificate issued or re-issued or transferred during the pendency of the litigation effecting the value of applicant's water rights.
- 2.--Of the proceeds realized from the sale of its stock, applicant may use \$6,695.21 to reimburse its incorporators for all advances made to acquire, construct and protect the properties and rights referred to in this application. The remainder of the proceeds may be expended only for such purposes as the Railroad Commission may hereafter authorize by supplemental order or orders.
- 3.--Sierra Valley 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 twenty-fifth 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. General Order No. 24 reports required to be filed by applicant, shall be supplemented with a statement showing the address of each stock purchaser.

4.--The authority herein granted will apply only to such stock as may be issued, sold and delivered on or before October 1, 1921.

Dated at San Francisco, California, this 21st
day of May, 1921.

H. B. Prudig
H. J. Overland

W. B. Bennett

Commissioners.