

Decision No. 22266

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
INTER-COUNTY WATER COMPANY,)
a corporation, for an order author-) application Number 20036
izing issue of stock and promissory)
note.)

Wm. H. B. Haymond, for applicant.
Vance Booker, A. Benjamin and R. E. Parsons, for
certain property owners.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

Inter-County Water Company asks permission to acquire and operate the water system to which reference will hereafter be made, to issue 650 shares of common stock, to issue a \$7,200.00 note and execute a deed of trust to secure the payment of the note.

Inter-County Water Company is a corporation organized under the laws of California. It has an authorized stock issue of \$20,000. divided into 1,000 shares of \$20. per share.

Applicant has entered into an agreement to acquire from Consolidated Title Securities Company a water system which has been used to furnish water for irrigation and domestic purposes to residents in Tracts No. 2206 and No. 2138 located in San Bernardino County and Rivino Orchards located in Riverside County. The area served is more particularly defined on the maps filed in this proceeding as Exhibit A and Exhibit B. At the present time about 36 persons use water from said system for domestic or irrigation purposes or both. About 75 acres are now being irrigated. It is said that the well and equipment are capable of producing all water required for about 160 acres.

The water system which is the subject matter of this application consists of a part of Lot 7, amended Map No. 1, Rivino Heights, in the County of San Bernardino, state of California, as per plat recorded in Book 16 of Maps, at Pages 91 and 92, records of said county, described as follows:-

"BEGINNING at a point in the West line of said lot 7, which said point is also the Northeast corner of Lot 9 and the Southeast corner of Lot 6 of said Amended Map of Rivino Heights; thence North $66^{\circ} 53'$ East 146.4 feet to the true point of beginning; thence North 40 feet; thence East to the East line of said Lot 7; thence Southerly along said East line of said Lot 7 to a point due East of the point of beginning; thence West 60.3 feet to the point of beginning,"

also a well, a pump, a pump house, a 50,000 gallon capacity concrete reservoir, about 16,000 feet of pipe lines and flumes, 37 meters, valves and miscellaneous tools and equipment. Applicant reports the present value of the properties at \$19,687.69 which includes \$8,100.00 for water rights. F. H. Van Hoesen, an assistant engineer for the Commission, estimates the original cost of the properties exclusive of water rights, at \$17,715.00 and the original cost less depreciation at \$12,101.00. The evidence does not warrant the finding of any value for water rights. We believe that applicant's stock and note issue should be limited to \$12,100.00.

Applicant asks permission to issue a \$7,200.00 installment note with interest at the rate of 5% per annum, payable semi-annually on the first days of January and July of each year. The principal is payable in installments of \$720.00 on the first day of July of each year beginning on the first day of July, 1936, and continuing until the principal and interest is paid. The note will be issued for \$7,200. in cash, of which sum \$6,186.91 will be applied to the purchase price of the properties. To pay the balance of the purchase price, applicant asks permission to issue 650 shares of common stock. We think the issue of common stock should not exceed 245 shares. If the

note is issued, applicant will have in its treasury cash in the sum of \$1,013.09, of which \$195.00 will be used to pay current obligations, and the balance, if necessary, to pay maintenance and operating expenses.

It is alleged in applicant's petition that the water system it intends to acquire is owned by Consolidated Title Securities Company and that it is a private water system. The Consolidated Title Securities Company is not a party to the application. Inasmuch as applicant offers to operate the properties, if it acquires the same, as public utility properties, we do not think it necessary at this time to determine whether the properties have been operated in the public service. The ownership of part of the distributing system by Consolidated Title Securities Company is challenged by R.E.Parsons, appearing for some of the consumers. Such title as Consolidated Title Securities Company may have, it acquired through the foreclosure of a deed of trust. The lien of this deed of trust, it is alleged by R. E. Parsons, did not attach to the distributing system. Counsel for applicant on the other hand maintains that the Securities Company holds the title to the distributing system. This Commission has no authority to decide the sufficiency of the title to all parts of the property. We feel however that before applicant issues the note or stock authorized by the order herein, it should file with the Commission a true and correct copy of the deed or other instrument of conveyance under which it will take title to the properties. If applicant is unable to obtain title to all the properties, the amount of the note and stock should be reduced on a pro rata basis in proportion to the estimated original cost new of the properties less depreciation, of the properties acquired.

The form of the deed of trust submitted by applicant is in satisfactory form, provided it can obtain title to all the proper-

ties described therein.

Applicant reports that if it acquires the aforesaid water system it intends to put into effect the rates shown in Exhibit one, which rates are as follows:-

MONTHLY MINIMUM CHARGE

3/4"	Meter	\$.1.75
1 "	"	2.00
1 1/2 "	"	2.50
2 "	"	3.50
3 "	"	5.00

Each of the foregoing "Minimum monthly charges" will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following rates for the service consumer has subscribed to.

DOMESTIC SERVICE

First 2000 cubic feet	\$.125	per 100 cubic feet
Over 2000 " "10%	" " " "

COMBINATION DOMESTIC AND IRRIGATION SERVICE

For meters of 1" size and up.

First 10,000 cubic feet	\$.055	per 100 cubic feet
Second 10,000 " "045	" " " "
Over 20,000 " "035	" " " "

INTERMITTENT IRRIGATION SERVICE

On demand only.

Minimum Monthly Quantity: 15,000 cubic feet.
Rate: \$.03 per 100 cubic feet

This type of service shall only apply to water furnished to irrigate commercial farm crops, and is subject to demands of domestic and combination domestic and irrigation consumers and to rotation of service among intermittent irrigation users.

ORDER

A public hearing having been held in this matter by Examiner Fankhauser, the Commission having considered the requests of Inter-County Water Company and the record in this proceeding, and being

of the opinion that Inter-County Water Company should be permitted to acquire and operate the aforesaid water properties, and if it obtains a deed to all of said properties, to issue a \$7,200.00 note and \$4,900.00 par value of common stock, that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant and that the expenditures are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:-

1. Inter-County Water Company may acquire, maintain and operate the water properties described in Exhibit C filed in this proceeding and furnish water for domestic, irrigation and other uses in the area described on the map filed as Exhibit A and Exhibit B in this proceeding.
2. Provided Inter-County Water Company obtains a deed and title to all of the aforesaid properties, it may issue on or before December 31, 1935, \$4,900.00 par value of common stock and a \$7,200.00 five per cent. installment note similar in form to the note appearing in Exhibit G filed in this proceeding, and deliver said stock and \$6,186.91 of cash realized through the issue of said note in full payment for all of said properties. The remainder of said cash, to wit, \$1,013.09 may be used to pay debts and maintain and operate said water properties.
3. Inter-County Water Company may execute a deed of trust similar in form to that filed in this proceeding as Exhibit G, provided it obtains title to all of the properties described in said deed of trust; and provided further that the authority herein granted to execute a deed of trust is

for the purpose of this proceeding only, and is granted insofar as this Commission has authority under the Public Utilities Act, and is not intended as an approval of said deed of trust as to such other legal requirements to which it may be subject.

4. Inter-County Water Company shall keep such record of the issue, sale and delivery of the stock, and the use of the proceeds of the note, herein authorized 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.
5. The authority herein granted to issue stock, to issue a note and execute a deed of trust will become effective when Inter-County Water Company has paid the fee prescribed by Section 57 of the Public Utilities Act, and when said Inter-County Water Company has filed a true and correct copy of the deed or other instrument of conveyance under which it will acquire title to all of the aforesaid properties.
6. This application insofar as it involves the issue of \$8,100. of common stock is hereby dismissed without prejudice.

DATED at San Francisco, California, this 7th day of October, 1935.

Leon Arthur

M. J. Lee

M. B. Lewis

Robertson

Oran R. Devine

Commissioners

Fee \$ 25⁰⁰/₁₀₀

RAILROAD COMMISSION
STATE OF CALIFORNIA

OCT 9 1935

Robertson

SECRETARY

Fee # 31627