

Decision No. 21572

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ATHENS WATER COMPANY,)
a corporation, for a permit author-)
izing it to sell and issue its secur-) Application No. 21572
ities and for authority to sell.)

Mitchell and Johnson, by James H. Mitchell,
for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

In this proceeding the Commission is asked to authorize Athens Water Company, a corporation, to issue in payment for the properties, to which reference is made hereafter, 100 shares of no par value capital stock to Ray H. Crisler as administrator of the estate of J. B. Ferguson, deceased, or to Mrs. Della F. Ferguson, his widow.

Athens Water Company is a corporation duly organized and existing under and by virtue of the laws of the State of California. Its articles of incorporation were filed with the Secretary of State on April 30, 1937. It has an authorized stock issue of 1000 shares of no par value.

J. B. Ferguson died on October 17, 1936 and thereafter, to wit, on May 12, 1937, Ray H. Crisler was duly appointed and qualified and is now acting as the administrator of the estate of J.B. Ferguson, ^{said} deceased. The estate of J. B. Ferguson and Della F. Ferguson own a public utility water system operated under the name of the Athens Water Company. It is said that the water system now supplies water to about 805 consumers within two districts in the City of Los Angeles; one district being bounded by 120th Street on the south, Imperial Avenue on the north, Figueroa Street on the west and Main Street on the east. The other district is bounded by the alley immediately north

of 111th Place on the south; by 108th Street on the north; by Figueroa Street on the west; and Main Street on the east.

Everett L. Clark, an associate engineer for the Commission, in Exhibit one estimates the original cost of the Athens Water Company water properties as of December 1, 1937, at \$55,736.90 and the original cost less depreciation at \$37,062.90. The reserve for depreciation is calculated on a 5% sinking fund basis and is estimated at \$18,674.00. In said Exhibit one the several figures are segregated as follows:-

	: Estimated : Original : Cost	: Accrued : Depreciation: : 5% Sinking : Fund	: Estimated : Original : Cost De- : preciated
<u>FIXED CAPITAL</u>			
C-4 Intangible Capital	: \$ 1,505.90	: \$ -	: \$ 1,505.90
C-5 Landed Capital	: 2,500.00	: -	: 2,500.00
C-6 Bldgs, Structures and Grounds	: 4,493.00	: 866.00	: 3,627.00
C-10 Wells	: 5,186.00	: 1,711.00	: 3,475.00
C-14 Pumping Equipment	: 5,795.00	: 1,421.00	: 4,374.00
C-16 Purification System	: 440.00	: 88.00	: 352.00
C-17 Transmission Mains	: 1,472.00	: 395.00	: 1,077.00
C-18 Distribution Mains	: 22,633.00	: 8,936.00	: 13,697.00
C-19 Distribution Tanks	: 1,677.00	: 1,053.00	: 624.00
C-20 Hydrants	: 696.00	: 269.00	: 427.00
C-21 Services	: 6,691.00	: 3,281.00	: 3,410.00
C-23 Misc. Distribution Equipmt:	: 598.00	: 96.00	: 502.00
C-24 General Equipment	: 2,050.00	: 558.00	: 1,492.00
Grand Total.....	: \$ 55,736.90	: \$ 18,674.00	: \$ 37,062.90

Counsel for applicant stated that Mr. Crisler, who was unable to attend the hearing, accepted the foregoing figures and wished them to be substituted for the cost figures appearing in Exhibit B attached to applicant's petition. It is therefore not necessary to comment on said Exhibit B.

The record shows that the cost records of Athens Water Company are incomplete. When Athens Water Company, a corporation, opens its books it should charge to fixed capital accounts a sum not in excess of the estimated cost shown in Exhibit one plus the net cost of additions and betterments from December 1, 1937 to the date it acquires the property. Its balance sheet should reflect the accrued depreciation reported in said Exhibit one at \$18,674.00 plus any adjustment that may be necessary because of the delay in opening the books.

The record shows that the Athens Water Company, a corporation, will assume the payment of consumers deposits now under the control of the administrator of the estate of J. B. Ferguson.

Except for the acquisition of current assets the stated value assigned to the 100 shares of no par value stock, the issue of which is authorized by the following order, should be equal to the depreciated cost of the properties. Such stated value plus the ~~accumulated~~ ~~provision~~ reserve for depreciation, and liabilities, if any, assumed, equals the estimated original cost of the properties.

Applicant's petition shows that the Superior Court of the State of California in and for the County of Los Angeles on June 11, 1937 in a proceeding entitled "In the Matter of the Estate of J.B.Ferguson, deceased," number 166636, ordered, adjudged and decreed that the franchises, together with certain other property referred to in the application, filed with the Court, may be transferred to applicant Ray E. Crisler, as administrator of the Estate of J.B.Ferguson, deceased, who in turn was authorized to execute a conveyance of all the right, title, interest and estate of said deceased in and to said property to Athens Water Company, a corporation, upon the payment by said corporation of 100 shares of its capital stock to said Ray E. Crisler. In order that the transfer of the property may not be questioned hereafter, we believe that in view of the language contained in Section 51 of the Public Utilities Act, the transfer of the properties should be authorized by the Commission.

ORDER

A public hearing having been held in the above entitled matter before Examiner Fankhauser, the Commission having considered the evidence submitted at said hearing and it being of the opinion that Athens Water Company, a corporation, should be authorized to issue 100 shares of its no par value common capital stock in payment for the properties

referred to in this application, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED AS FOLLOWS:-

1. Ray H. Crisler, as administrator of the estate of J.B.Ferguson, deceased, and Mrs. Della F. Ferguson, may on or before February 1, 1938, transfer to Athens Water Company, a corporation, the properties referred to in the foregoing opinion and more particularly described in applicant's petition filed in this proceeding.

2. Athens Water Company, a corporation, may issue in payment for the aforesaid properties to Ray H. Crisler as administrator of the Estate of J. B. Ferguson or to Mrs. Della F. Ferguson, 100 shares of its no par value common capital stock.

3. Within thirty(30) days after the acquisition of the aforesaid properties by Athens Water Company, a corporation, it shall file with the Railroad Commission a copy of the deed under which it acquires and holds title to such properties, also a report showing the number of shares of stock issued under the authority herein granted and to whom said stock was issued.

4. Athens Water Company, a corporation, may not charge to its fixed capital accounts a sum in excess of the amount shown in the foregoing opinion as of December 1, 1937, plus the net cost of additions and betterments made to said properties from December 1, 1937 to the date when Athens Water Company, a corporation, acquires said properties.

DATED at San Francisco, California, this 27th day of December 1937.

John A. Ware
Leon A. Wiley

Ray H. Crisler

Commissioners.