

ORIGINAL

Decision No. 35603

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
LIVE OAKS SPRINGS WATER & POWER COMPANY,
(a California corporation)

for permission (a) to acquire a water
system, (b) to operate as a public
utility supplying water, and (c) to
issue and dispose of its securities.

Application
No. 25067

BY THE COMMISSION:

O P I N I O N

This proceeding involves the transfer of the public utility properties of Live Oaks Springs Corporation to Live Oaks Springs Water & Power Company and the issue of \$25,000 par value of stock in payment for said properties.

Live Oaks Springs Corporation owns and operates a public utility water system at Live Oaks Springs, a summer resort located in the mountains about midway between San Diego and El Centro. The Railroad Commission by Decision No. 29365, dated December 15, 1936, in Case No. 4153 and Application No. 20763, granted to Live Oaks Springs Corporation a certificate of public convenience and necessity to operate and maintain a water system for the purpose of supplying water for domestic

purposes within that certain area of about 160 acres in and in the vicinity of Live Oaks Springs, San Diego County, more particularly described as follows:

The South Half of the Southeast Quarter, of Section 14; the East Half of the Northeast Quarter of Section 23, all in Township 17, South, Range 6 East, S.B.B.M., being now Tract No. 39 according to plat of re-survey approved April 10, 1923, containing 160 acres more or less, as shown in the records of the Recorder's office of San Diego County, California, all of said land lying within the said County of San Diego, California.

By said Decision No. 29365, the Commission also fixed the rates which Live Oaks Springs Corporation may charge for water service.

For 1941, Live Oaks Springs Corporation reports operating revenues of \$1,949.50 and operating expenses of \$2,385.42. The latter figure includes \$708.27 for depreciation and \$93.76 for taxes.

The properties which Live Oaks Springs Corporation has agreed to transfer to Live Oaks Springs Water & Power Company are described in Exhibit 7 on file in this proceeding. In Exhibit 3, the historical cost new and the historical cost depreciated of the properties are reported as follows:

Item	Historical Cost	
	New	Depreciated
Organization expense	\$ 500	\$ 500
Water rights (1)	1,000	1,000
Lands (1)	12,500	12,500
Buildings	326	291
Wells	1,735	1,645
Springs	1,265	1,182
Pumping equipment	1,742	1,606
Distribution reservoirs	1,210	1,101
Distribution mains	8,785	7,846
Hydrants	134	128
Services	862	809
Equipment	357	235
Materials and supplies	330	330
Total	<u>\$20,746</u>	<u>\$29,173</u>

(1) Value

The \$12,500 reported as the value of land includes an allowance for water rights. Upon a review of the values assigned to land and water rights, and a discussion of the same with Edward R. Bowen who prepared Exhibit 3, we have concluded to allow for the purpose of this proceeding \$2,525 as a value for the land and \$1,800 as a value for the water rights which Live Oaks Springs Corporation will transfer to Live Oaks Springs Water & Power Company. The costs of the wells, tanks, distribution pipes, services and properties, other than land and water rights, appear reasonable.

Live Oaks Springs Water & Power Company is a corporation organized in 1939 under the laws of the State of California. It is authorized to engage in a public utility water business and has an authorized stock issue of 25,000 shares of the par value of \$1.00 per share. The company asks permission to issue in payment for the public utility properties of Live Oaks Springs Corporation \$25,000 of capital stock. The order herein will authorize the issue of \$20,000 of stock in payment for said properties.

ORDER

The Commission having considered applicants' requests and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by Live Oaks Springs Water & Power Company through the issue of \$20,000 of capital stock is reasonably required by said Live Oaks Springs Water & Power Company for the purpose of acquiring the properties to which

reference is made herein; that the expenditures herein authorized are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED as follows:

1. Live Oaks Springs Corporation may, after the effective date hereof and on or before October 1, 1942, transfer to Live Oaks Springs Water & Power Company the properties described in Exhibit 7 on file in this proceeding, together with the certificate of public convenience and necessity granted to said Live Oaks Springs Corporation by Decision No. 29365, dated December 15, 1936, in Case No. 4153 and Application No. 20763.

2. Live Oaks Springs Water & Power Company may, on or before October 1, 1942, issue in payment for said properties \$20,000 of its capital stock.

3. Live Oaks Springs Water & Power Company shall file in quadruplicate with the Railroad Commission, within twenty (20) days after it acquires said properties, rates for water service furnished in the area described in said Decision No. 29365, dated December 15, 1936, in Case No. 4153 and Application No. 20763, which rates shall not be higher in any particular than those now charged by Live Oaks Springs Corporation, and it shall also file with the Railroad Commission four sets of rules and regulations in conformity with the Commission's requirements.

4. Live Oaks Springs Water & Power Company shall file with the Railroad Commission such reports as are required

by the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order.

5. Within thirty (30) days after the acquisition of said properties, Live Oaks Springs Water & Power Company shall file with the Railroad Commission a copy of the deed, together with a copy of each and every other instrument of conveyance under which it has acquired and holds title to said properties.

6. This application insofar as it involves the issue of \$5,000 par value of stock is hereby dismissed without prejudice.

7. The authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this 21st day of July, 1942.

Justice F. Gallen
Ray A. Riley
A. W. M.
Francis D. Havens
Richard K. Chase
Commissioners