

LEM

Decision No. 18193.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
WEST SIDE LUMBER COMPANY,)
a corporation, and TURN BACK CREEK)
LIGHT AND POWER COMPANY, a corpora-)
tion, for an order authorizing and)
permitting the West Side Lumber Com-)
pany to transfer its electrical dis-)
tributing system in the town of Tuo-)
lumne to Turn Back Creek Light and)
Power Company, a corporation.)

ORIGINAL

Application No. 13612

In the Matter of the Application of)
WEST SIDE LUMBER COMPANY,)
a corporation, and TURN BACK CREEK)
LIGHT AND POWER COMPANY, a corpora-)
tion, for an order authorizing and)
permitting the West Side Lumber Com-)
pany to transfer its electrical dis-)
tributing system in the town of Tuo-)
lumne to Turn Back Creek Light and)
Power Company, a corporation; and)
authorizing Turn Back Creek Light)
and Power Company to issue stock.)

Application No. 13613

J. J. Lermen, for applicants.

BY THE COMMISSION:

O P I N I O N

In the two above entitled matters the Railroad Commission is asked to authorize West Side Lumber Company, a corporation, to sell, transfer and convey an electrical distributing system, located in the town of Tuolumne, to Turn Back Creek Light and Power Company, a corporation, and Turn Back Creek Light and Power Company to issue shares of its capital stock, at par, in an amount equivalent to the consideration, \$6,568.25, to be paid for such system, or such other amount of stock as the Commission may deem proper.

The applications show that West Side Lumber Company is a corporation organized under the laws of the State of California and engaged, primarily, in the general lumber and timber business in California, particularly Tuolumne County. It appears, however, that the corporation owns an electric distributing system in the town of Tuolumne, and that in addition to its lumber and timber business it has been engaged in the public utility business of supplying electric energy in said town.

It is now reported to the Commission that on or about March 2, 1925, West Side Lumber Company entered into an agreement to sell, transfer and convey certain real and personal property, including the electric distributing system, to W. R. Pickering Lumber Company, a corporation organized under the laws of the State of Louisiana, but that title to the distributing system has not yet passed, being still held by West Side Lumber Company. W. R. Pickering Lumber Company subsequently assigned its interests to Pickering Lumber Company, a corporation organized under the laws of the State of Delaware. It, in turn, has caused the incorporation, under the laws of California, of Turn Back Creek Light and Power Company for the express purpose of having it take over and operate the public utility distributing system, and has requested West Side Lumber Company to transfer said system directly to Turn Back Creek Light and Power Company.

The properties involved in this proceeding consist of a distributing system only. It appears, in this connection, that Pickering Lumber Company in conjunction with its business of manufacturing lumber, owns and operates a saw-mill at Tuolumne which is run by electric power generated by a plant situated within the mill. In addition, in the past, energy has been purchased from Pacific Gas and Electric Company. Pickering Lumber Company and applicant, Turn Back Creek Light and Power Company, have entered into an agreement whereby the lumber company agrees to sell to the light and power company such surplus electrical energy as the lumber company may have. Paragraph "1"

of the agreement as filed with the applications as Exhibit "A" reads as follows:-

"1. During the term of this agreement the Lumber Company will sell to the Power Company at the switchboard in the Lumber Company's manufacturing plant in the town of Tuolumne, California, for the price of \$.014 per K.W. hour such surplus electrical energy produced in said lumber manufacturing plant as may be required and taken by the Power Company for the distribution in the said town of Tuolumne. The words "surplus electrical energy" as used herein, mean such energy as may be produced in the said lumber manufacturing plant of the Lumber Company and not needed or required by the said Lumber Company for its industrial purposes. It is understood that the Lumber Company in no way holds itself out as a vendor of electrical energy or commits itself to the sale of any part of the energy generated in its said plant, except surplus energy incidentally produced."

On March 29, 1927 the Commission was advised by letter that the parties to the agreement had decided to modify the agreement by adding to the aforesaid paragraph "1." the following:-

✓ " which surplus energy the Lumber Company guarantees will be sufficient at all times to supply the demand of the Power Company".

With this addition the proposed agreement is satisfactory.

The consideration mentioned in the applications is \$6,568.25 which is alleged to represent the fair value of the system and to include \$1,504.75 for poles and fixtures, \$1,771.10 for wire, \$144.40 for insulators, \$1,890.91 for 420 meters and \$1,257.08 for 33 transformers. It is reported that the \$6,568.25 has been advanced and paid to the lumber company by D. E. Steinmetz, one of the incorporators of the light and power company, and that D. E. Steinmetz is willing to accept in reimbursement of the moneys thus advanced, shares of stock in an amount approximating the consideration, or in such other amount as to the Commission may seem proper.

We have given consideration to these matters and believe that an issue of stock in the amount of not exceeding \$6,600.00 is reasonable for the purposes of this proposed transfer. While an order

authorizing the issue of such an amount of stock accordingly will be entered, such authority is not to be construed as a finding of value of the distribution system for the purpose of fixing rates or for any purpose other than the transfer.

O R D E R

Applications having been made to the Railroad Commission for permission to transfer an electric distributing system and to issue stock, and the Commission being of the opinion that this is a matter in which a public hearing is not necessary, that the applications should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required for the purpose specified herein and that the expenditure for such purpose is not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that West Side Lumber Company be, and it hereby is, authorized to transfer to Turn Back Creek Light and Power Company the electric distributing system to which reference is made in the opinion preceding this order, and Turn Back Creek Light and Power Company be, and it hereby is, authorized to issue in full payment for such properties, free and clear of all liens and encumbrances, not exceeding \$6,600.00 of its capital stock.

IT IS HEREBY FURTHER ORDERED that Turn Back Creek Light and Power Company be, and it hereby is, authorized to enter into an agreement with Pickering Lumber Company substantially in the same form as that filed in Application No. 13612 as Exhibit "A" modified, as indicated in the opinion preceding this order.

The authority herein granted is subject to the following conditions:-

1. The amount of stock which Turn Back Creek Light and Power

Company is herein authorized to issue in payment for the distributing system herein authorized to be transferred shall not hereafter be urged before this Commission or other court or public body having jurisdiction, as a measure of value of such properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.

2. Turn Back Creek Light and Power Company shall keep such record of the issue of the stock herein authorized and of the disposition of the proceeds as will enable it to file, within thirty days after such issue, 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. The authority herein granted will become effective when Turn Back Creek Light and Power Company has filed with the Commission a certified copy of the agreement, as finally executed, with Pickering Lumber Company, covering the sale of electric energy, modified as indicated herein.

DATED at San Francisco, California, this 7th day of April

1927.

Ernest J. ...

W. H. ...

Thos. J. ...

Commissioners.