Decision No. 10590.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of the City of Oroville, California, a municipal corporation, to fix the just compensation which shall be paid by said city for the gas properties and the electric distribution system of the Pacific Gas & Electric Company in said City of Oroville and certain territory adjacent thereto.	Application No. 4019.

B. D. Marx Greene and R. A. Leonard, for applicant,
C. P. Cutten, for Pacific Gas and Electric Company.

BENEDICT, Commissioner:

O P I N I O N

In this proceeding the City of Oroville (hereinafter referred to as the City or the Applicant) asks this Commission to fix and determine the just compensation to be paid to the Pacific Gas and Electric Company (hereinafter referred to as the Company) for the properties constituting its electric distribution system and its gas properties in the City of Oroville and adjacent territory.

A general description of the properties sought to be acquired is given in the original and amended petitions filed on August 15, 1918, and on January 15, 1919, respectively, and a more detailed and accurate description is attached to this decision and made a part thereof as Exhibit "A" (for the electric property) and as Exhibit "B" (for the gas property).

This is a proceeding under Section 47 of the Public Utilities Act and the procedure prescribed in that section and the methods heretofore followed by this Commission in similar cases have been adhered to in this case. Public hearings were held on January 15th and 23rd, 1919, on October 5, 1921, and on January 16, 1922. Exhibits and reports were filed by engineers of the Company and of the Commission, testimony was heard, briefs of counsel were filed, the case has been submitted and is now ready for decision.

1. General matters affecting both the electric and the gas properties sought to be acquired.

The City desires that the just compensation be fixed in separate amounts for the electric and gas properties respectively. There are present, however, certain issues affecting both classes of property. It will not be necessary in this decision to review extensively the methods adopted by the Commission in finding just compensation. These methods were discussed at length in prior decisions in similar cases and especially in Decisions Nos. 6537, 8542, 8745 and 9885 in the so-called Redding case and in Decision No. 8162 in the so-called Auburn case, to which reference is hereby made. Similar methods and similar procedure, in so far as applicable to the facts in the case, were followed in this proceeding. The Commission's order and decision in the Auburn case were affirmed in a recent decision of the Supreme Court of this state (Pacific Gas and Electric Company vs. Frank R. Devlin et al, 63 Cal., Dec. 132) and it should be said that this latest and authoritative decision has been given careful consideration in this case.

There are in evidence three valuation reports, two dealing with both the gas and electric properties and one with the electric property only. They are summarized in the following table:

Table I.

Summary of valuations of Oroville gas and electrical properties, as of September 30, 1918.

	Reproduction Cost	Reproduction Cost Less Depreciation
(a) Railroad Commission's Exhibits Nos. 1 & 2 "Engineering Department's Valuation of Oroville Plant, Oroville Gas Distribution System, Oroville Electric Distribution System of Pacific Gas & Electric Company"		
(1) Gas property,	$103,501.48	$79,982.59
(2) Electric property inside city,	60,797.17	49,008.29
(3) Electric property outside city,	21,435.84	17,384.58
(4) Total electric property,	82,233.01	66,392.87
(5) Gas and electric property combined,	185,734.49	146,375.46
(b) Railroad Commission's Exhibit No. 3 "Supplementary Valuation of Oroville Gas Plant, Oroville Gas Distribution System, Oroville Electric Distribution System of Pacific Gas and Electric Company,"		
(6) Gas property	127,689.90	98,737.55
(7) Electric property inside city,	80,758.96	65,196.25
(8) Electric property outside city,	29,241.67	23,767.18
(9) Total electric property,	110,000.63	88,963.43
(10) Gas and electric property,	237,690.53	187,700.98
(c) Pacific Gas and Electric Company's Exhibit No. 1 "Appraisal of Electric Distribution in Oroville and Suburbs,"		
(11) Electric property inside city,	75,568.00	62,439.00
(12) Electric property outside city,	27,249.00	23,241.00
(13) Total electric property,	109,567.00	91,430.00

The Company submitted no valuation of its gas properties.

In addition to its Exhibit No. 1, the Company filed, as Exhibits Nos. 2 and 3, two estimates of severance damages pertaining to the electric property, as follows:

1. Pacific Gas and Electric Company's Exhibit No. 2 "Cost of re-connecting portions of system detached by condemnation of Oroville lines," $1,954.00

2. Pacific Gas and Electric Company's Exhibit No. 3 "Severance Damages," 6,177.00

The valuation estimates summarized under (a), (b) and (c) above are made on different bases. Commission's Exhibits Nos. 1 and 2 use averages of costs and prices for material and labor for a period of five years previous to the date of the valuation, while in Commission's Exhibit No. 3 all estimates are based on a "reasonable construction period" of one year prior to the date of the filing of the application (August 15, 1918).

Company's Exhibit No. 1 was introduced as being based on labor and material costs "at or about the date of the application on August 15, 1918" (Tr. p. 31). Upon examination of the witness it developed, however, that this was only theoretically true and that, as a matter of fact, about 99 per cent of the prices used "were within the limit of six weeks of either side of August 15, 1918."

Attention is called to this matter of the several valuation methods employed by the engineers for the reason that, throughout this proceeding and in the brief filed by counsel, the Company consistently adheres to the proposition that the value of the property must be found as of the date of the filing of the application. This requirement apparently is construed by the Company as demanding as nearly as may be the application of prices and costs for all labor and material obtaining on the particular day of the filing of the application; in this case, August 15, 1918. Aside from the fact that the valuation presented by the Company's engineers itself violates this theory within a wide margin, the Commission should, in my opinion, re-

ject this theory. No public utility plant of any size can be built in one day. It is true, a contractor may submit a bid for a piece of construction as of a particular day and may be held to the contract price. But this test does not meet the issue. The contractor, before he makes the bid, will of necessity have to estimate upon an expected construction period and will have to take into consideration expected costs of labor and material and overhead during such construction period. The Commission, in the valuation work done by its own engineering department, should adhere to the rule laid down in the Redding case, above referred to, that valuation estimates must be predicated upon a normal and reasonable construction period under normal and reasonable construction conditions and this rule should have its influence on the labor and material costs and on the so-called overhead allowances applied to an inventory.

Separate findings will be made for the electric and gas properties.

2. Electric Property.

A description of the electric property sought to be acquired by the City is shown in Exhibit "A" attached to this decision. There is no dispute as to inventory quantities. Certain items, however, require consideration.

Included in the valuation estimate of the Commission's engineers is an allowance for the franchise under which the Company operates, not only in Oroville but outside of the city. It was stipulated that the Company should retain the right to conduct electricity to any of the Company's works owned and used or useful for the conduct of its gas or water business in Oroville and the finding of just compensation will be made with this stipulation in mind. Since this matter affects the gas property to a certain extent and since it may become a matter of moment in

the future, I shall quote from the transcript, beginning at page 94, the portion relating to the franchise under consideration:

"MR. CUTTEN: Mr. Cramer, I note on page 19 of your report, the first report, 19, and I think the item has not been changed, a value of $96.75 for a franchise granted by the county, by the Board of Supervisors of Butte County. It is page 19 of your first report, account C-2, franchises, electrical.

A. $96.75?

Q. Yes. A. What was your question, Senator?

Q. I will ask now if that item of $96.75 shown in your first report, on page 19 the statement of it was made, has been carried into your supplementary valuation?

A. Yes, you will find it on page 18 of the supplemental report.

Q. Now that is the franchise granted by the County of Butte? A. Yes sir.

MR. CUTTEN: That is all, Mr. Cramer.

COMMISSIONER BENEDICT: Any further questions of Mr. Cramer?

MR. CUTTEN: Nothing from us. I raised that point now, your Honor, because of the fact that the complaint does not seek to condemn our franchise and this franchise is used not only, as I understand, in the City of Oroville, but it is used for other purposes outside of the City of Oroville. The complaint, of course -- the application here does not ask for the condemnation of the franchise, has no use for our franchise. It is very necessary for us to do business under that franchise. Our severance damage is made up on the basis that you will retain that franchise, and I am asking the attorneys to stipulate -- if the attorneys do not stipulate I am asking the Commission to strike out that $96.75 for the franchise. There has been nothing in the complaint asking to condemn it, or we will have to revise our exhibit here for severance damages to include very much -- a very much greater sum.

COMMISSIONER BENEDICT: Do the attorneys for the City of Oroville stipulate that that amount may be stricken from the valuation?

MR. GREENE: No, Mr. Commissioner. I think we may have to amend our application, that is we don't desire to condemn or take possession of any portion of that franchise other than that they may have within the City of Oroville and the contiguous territory where we are condemning the distribution plant. In other words, if the city takes over this plant it wishes a monopoly within that territory.

MR. CUTTEN: We might stipulate that we shall have no right to serve anything in the City of Oroville or the territory that you are supplying under the condemnation proceedings, except our own gas works and our own water works and things of that kind, and I think that -- we thought, with a stipulation of that kind that that ought to be satisfactory.

MR. GREENE: That is perfectly satisfactory.

"MR. CUTTEN: And furthermore you could not sustain any franchise condemnation, even if it were to be in the valuation here, when you have not asked to condemn it.

MR. GREENE: I realize that. We will stipulate that that is satisfactory.

COMMISSIONER BENEDICT: Let us have it understood, then, that, by stipulation, you will strike this item of $96.50 or $96.75 from the valuation, and that the company will also stipulate --

MR. CUTTEN: I might read what I would propose to stipulate here in respect to the other matter.

COMMISSIONER BENEDICT: Go ahead.

MR. CUTTEN: It is hereby stipulated that the Pacific Gas and Electric Company shall have only the right to erect poles, wires and other necessary appliances for the purpose of conducting and transmitting electricity and electric current for power, light and other necessary appliances for the purpose of conducting and transmitting electricity and electric current for power, light and other necessary and useful purposes over, along and through the streets of the City of Oroville for service to the gas plant, the water pumping stations on Ward Street and Meyers Street to its office and other properties which, at the time of the filing of the application were owned, maintained or operated by the Pacific Gas and Electric Company, and which are now or may hereafter be owned and are maintained or operated by the Pacific Gas and Electric Company, its successors in interest and assigns in the City of Oroville, which said rights are hereby expressly omitted from the property to be acquired by the City of Oroville and are expressly reserved to the Pacific Gas and Electric Company, its successors in interest and its assigns.

MR. GREENE: Too broad, Senator.

MR. CUTTEN: You can say, 'For the purpose of conducting its business.' It seems to me --

MR. GREENE: No, it seems to me -- we are perfectly willing to stipulate that you can conduct electricity to any works, which were owned by you at the time of the filing of this application, but to say that you shall be entitled to conduct it to any works which you may acquire hereafter, is entirely too broad. We don't want a competitive electric system in that city.

MR. CUTTEN: It is not my purpose to make that reservation.

MR. GREENE: Anything which was owned prior -- at the time of the application is all right, isn't it? Mr. Leonard is the city attorney of Oroville. Anything which is owned by you and used or useful for the conduct of your gas or water business.

MR. CUTTEN: That is all right, I will accept that, because we might possibly move one of our plants.

MR. GREENE: That will be satisfactory.

COMMISSIONER BENEDICT: Then it will be so understood, gentlemen."

Included in the valuation of the electric property and listed on page 18 and on page 28 of Commission's Exhibit No. 3, under the heading "Sub-Station Buildings and General Structures" are three small structures valued by the Commission's engineer at a reproduction cost of $2500. and a reproduction cost less depreciation of $1750. The land on which these buildings are located is part of the Company's gas property and included in the gas valuation. The City, in case it should elect to acquire the electrical properties, but not the gas properties, is desirous of including these buildings and the Company has no objection. It was agreed at the hearing that an apportionment of the land in question should be made by the Commission, so that the City would own not only the buildings, but also the land on which they stand. Such apportionment, on a pro rata basis, has been made and the parcel of land segregated is included in the description of the electric property.

The accrued depreciation of the property listed in the inventory, and expressed in terms of "condition per cent" has been obtained, after a careful field inspection of the several property items, upon the so-called straight line method of depreciation. It must be kept in mind, however, that the condition per cent so obtained measures the depreciated condition of each individual plant item without regard to the operating condition or operating efficiency of the plant as a whole. The Commission's views on this matter have been discussed in Decision No. 8542, referred to above, and it is my purpose to adhere to the general rules laid down in this connection. In the Oroville electric plant it is in the record that the portions represented by street lighting are obsolete and the value of this portion of the plant is lower, therefore, than indicated by the "condition per cent." Although there is considerable testimony in the record, no exact estimate is in evidence giving a measure of the amount that should

be deducted for this item and I am satisfied that this is one of the elements where the Commission must exercise discretion based upon the evidence and upon its judgment.

The Company makes a claim, in addition to the values estimated in the exhibits heretofore referred to, for what is usually called going concern value. Mr. Ryan, the Company's valuation engineer, testified that the electric properties at Oroville are a paying and profitable business and that, after meeting all operating expenses, this business still leaves a certain net revenue in excess of a reasonable allowance for the cost of operation. Mr. Ryan estimates that the revenues are at least 8% of the values shown in Commission's Exhibits Nos. 1, 2 and 3 and that because of the profitableness of the enterprise "there is unquestionably an additional value that attaches to the property as a going concern." It will be noted that Mr. Ryan here proposes an estimate of going concern by the method of capitalization of earnings.

Mr. Ryan also has approached the matter from the standpoint of the cost of developing the business. He testified (Tr. page 110):

> "Looking at it from another angle, all enterprises of that kind have to go through a period, a process of development. That development is -- consists of acquiring a paying business, after the property is installed, and such a process requires time and costs money, and it is usually carried into the capitalization as a cost of development. In considering the value of the property as a going concern, after determining the value of that -- of this business is an element to be considered, rather than the cost of developing the value or developing the business."

The evidence on this item is very meagre. The Company did not submit estimates or actual figures of earnings of the Oroville portion of its business for a number of years prior to this proceeding nor of corresponding operating and other expenses

chargeable to that business. No evidence other than the testimony of Mr. Ryan, just quoted, of the cost of developing the business is before us. There is, therefore, no information upon which any except the most general calculations can be based. The annual reports of the Company which are in evidence in this proceeding do not give the required information. I am satisfied, however, that the Oroville electric business earns operating expenses, depreciation, taxes, and, in addition, what this Commission would hold to be a fair return, and if a separate allowance for going concern value, in addition to the full property value otherwise found, is reasonable and justifiable at all, some such allowance should be made in this case. The question remains, how is this value to be measured, or is an arbitrary amount to be added?

The matter is presented to the Commission in this proceeding with particular clearness. The Company claims going concern value for the electric property but not for the gas property. The Oroville gas property, it is admitted, has not operated profitably for a number of years. It is a losing business and there appears to be little prospect that it can be made profitable under reasonable rates, and with the present methods of operation, in the next few years. If profitableness is held to be the test of going concern value and if the capitalization of profits is to be resorted to to measure that particular and separate value, and if the amount found by that method is to be added to the value otherwise found, it is difficult to see why the same principle and the same technique should not apply equally (with a negative result) if the property is engaged in a losing venture. To attack the present problem concretely instead of theoretically: accepting for the purpose of this calculation the testimony of witness Ryan, and assuming that the profit or net revenue from the electrical business

was 8% on $90,000., the annual profit would come to $7,200. The next question is, at what interest rate should this return be capitalized and for what period of time? In the Redding decision, referred to above, the Commission, on the subject of capitalization of profits as a measure of going concern value, said (Opinions and Orders of California Railroad Commission, Vol. 19, p. 286):

> "Capitalization of income, or of profits, is a problem in elementary arithmetic. In the solution of such a problem there must always enter three factors: The amount of earnings, the rate of interest, and time. In the matter before us the amount of the earnings is known, the rate of interest is not known, and the factor of time is equally unknown. The problem, therefore, cannot be solved unless assumptions are made for the last two factors. The company assumes that 8 per cent should be taken as the interest rate. In the original hearing the company urged that 6 per cent should be taken as the rate of capitalization (if that were done the going-concern value as separated from the plant value would become $132,849. instead of $87,289. shown above).
>
> "The factor of time, in the company's conclusion, is assumed to be perpetuity. That is to say, the company expects the city of Redding to pay, in addition to the value of the plant, plus overheads, plus the cost of franchises, for all time an annual income of $10,694.57, being 8 per cent on $133,682.12.
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> "The company, of course, has no assurance of any such earnings for any continuous period in the future, yet it is apparently serious in its contention that the city, if it buys the property, must guarantee a profit of 23 per cent, or more, on the value of the physical property, plus overheads, for all time to come. The city is expected to guarantee this profit, relieving the company from all responsibility and all risk."

In order to find the rate of capitalization, a "rate of risk" must be assumed. Applying "rates of risk" at 8%, 7% and 6%, we have the following mathematical result:

Annual net earnings of $7,200. assumed to be equal to a "fair return":

at 8% on a rate base or a property value of $90,000.
at 7% " " " " " " " " " 102,900.
at 6% " " " " " " " " " 150,000.

These figures, according to the position of the Company, include the value of all property, both physical and intangible, includ-

ing the going concern. It is to be noted, therefore, that if the rate of risk is taken to be equal to the rate of return assumed by the Commission, the "rate base" automatically becomes "value" and includes all values both physical and intangible, including going concern. If the rate of risk is assumed to be a lesser rate than the rate of fair return, a going concern value can be created artifically which will be proportionately larger with an assumed decrease in the rate of risk.

Applying the identical methods and mathematics to the gas property, we have this result:

Valuation of physical plant,	$99,000.
Profit or net return,	0
At 0% the property value becomes,	0
An 8% fair return will require annual net earnings of,	7,920.
Assuming an 8% rate of risk, there results a negative or minus property value of,	99,000.
Assuming a 7% rate of risk, there results a negative or minus property value of,	113,143.
Assuming a 6% rate of risk, there results a negative or minus property value of,	132,000.

Since the corresponding figures for the electric plant included the physical property, the gas plant figures should, of course, include the physical property also. Were this theory adopted in good faith for profitable and unprofitable utilities alike, it would mean, in this case, that the Company would have to pay the City of Oroville one of the amounts shown above and that the Company would be justified in paying such an amount to be rid of a losing property and business.

We will, of course, continue to reject such a theory and enough has been said, I believe, to demonstrate its unsoundness and unworkability.

The other theory advanced by Mr. Ryan, for the Company, substitutes development cost for going concern, and I am forced to the conclusion that it has not much of an advantage to recommend it over the theory of the capitalization of profits. An application to both the Oroville electric and gas plants will

make this clear.

According to the record, Oroville has been served with electric light and power since prior to 1906. The electric property under review was acquired through purchase by its present owners in 1917 (the cost to the Company for this portion of the property bought cannot now be determined) and we are safe in assuming that it has been a profitable property, at least since 1917 and probably prior to that time. What the cost of developing the business by the prior owners was, if any, we do not know and the Company submitted no evidence to show that such cost was incurred by the present owners. The weight of evidence is that the present Company was put to no development cost. Neither do we know whether the development cost incurred, if any, was returned through subsequent profits to the prior owners or to applicant. When, in 1917, the sale was consummated it must be taken for granted that the original owners were either compensated in the sale price for development cost or else wrote off such cost as a loss. To burden the City of Oroville, at this time, with so speculative and doubtful a charge would seem unjust and unreasonable. Further, inasmuch as the profitableness of the business since 1917 is admitted, the probabilities are that prior development costs have in fact been returned to the owners through rates. To make an allowance of going concern in the form of development cost, under these circumstances, would mean an addition to the value of property otherwise found regardless of whether development cost was actually incurred by present or past owners and regardless of whether it had been returned to them subsequently through profits contributed by the rate payers.

The gas plant was built in 1877 and 1878 and has been in operation since that time. The plant has changed owners several times and was acquired through purchase by the present owners in 1917, together with the electric property. There is nothing in the record to show whether the gas property was ever a profitable enterprise. It was, however, not profitable at the date of this inquiry and has not been for a number of years. If business losses are called development costs, it is apparent that they have accumulated to a substantial amount in this gas property and it is also apparent that this absurd result would follow: the greater the losses from the business, the greater the development cost and, therefore, the going concern.

I am unable to accept applicant's proposals for the determination of going concern and see no reason to depart from the Commission's practice adopted in the Redding case, supra, in so far as the electric property is concerned. It appears that the electric properties in Redding and Oroville, with reference to going concern or "value of the business" are much alike. In this case, as in the Redding case, there is no clear showing that early development costs, if any, have in fact been returned to the owners; also, in this case, as in the Redding case, the amount of the early losses has not been definitely established, although it is probable from the nature of the business, and the conditions existing at the time it was established, that such development costs actually were incurred. I propose, therefore, to treat this matter in the same manner as it was treated in the Redding case and I adopt that method for similar reasons. The Commission in its decision (page 296, supra) said:

> "While the method which herein is suggested for determining the amount of such allowances for 'development costs' is not entirely free from objections, nevertheless it is the opinion of the Commission that

"it is as satisfactory as any other method that has been suggested or now can be devised, and that in the main it fairly represents an amount approximating the additional costs of attaching the business to the plant, to the extent that these costs are reflected in the item of development costs. The suggested method is to allow 2 per cent per annum, the difference between a normal return of 8 per cent and a minimum return of 6 per cent, during the assumed reasonable development period of the enterprise, ... "

The reasonable development period in this case is fixed at two years for the reason that, according to the record, there is more business in Oroville than there is in Redding and that it is a better property from the standpoint of developing business, because there are more industrial users of power at Oroville than there were at Redding (Tr. page 112). If the same method is applied in the valuation of "going concern" as in the valuation of the physical plant, that is to say, if the value of the business is to be found as of the date of the filing of the application, and if a reasonable development period for the attachment of the business to the plant prior to the date of the filing of the application is to be estimated, it is my conclusion that two years would be a sufficient length of time to attach to the Oroville electric plant such business as in fact was attached to it on August 15, 1918. The application of this rule will result in an increase of 4 per cent upon the figure found without regard to going concern value.

After a careful consideration of all of the elements and of the items going to make up the value of the electric property, I find as a fact that the just compensation for the lands, property and rights of the electric distribution system sought to be acquired by the City inside and outside the City of Oroville as of August 15, 1918, and as described in Exhibit "A" attached to this decision, is the sum of $90,861.

Severance damage - electric property.

Severance damage is claimed because, upon the taking over of the electric property by the City, it will become necessary for the Company to establish certain new electrical connections. It was suggested by the Commission's engineers, and endorsed by the City, that it would be feasible for the Company to utilize the pole lines to be taken over by the City under a joint pole agreement and to meter the electric power to be used by the Company for its own services, including the gas plant, in the event that the gas property is not to be acquired by the City. Such an arrangement, however, did not prove to be acceptable to the Company.

Regardless of the feasibility from a physical and operating standpoint, the Commission has concluded that it does not have jurisdiction to prescribe or enforce agreements of this nature between cities and utilities and an allowance will, therefore, be made for the cost of independent connections to be owned by the Company, on the assumption that such an arrangement will actually be carried out.

There are in the record two estimates of severance damage, both introduced by the Company. Exhibit No. 2 appears to contemplate the purchase by the City of the gas plant, while Exhibit No. 3 appears to contemplate the retention of the gas works by the Company. Inasmuch as the Commission is asked to make separate findings of just compensation for the electric properties and for the gas properties, and inasmuch as it is admitted by the Company that the City may acquire either plant, or both, it will be necessary to make two findings of severance damage, one on the assumption that the gas works are taken by the City and the other assuming the retention of the gas works by the Company. While it is apparent that the arrangements proposed in Company's Exhibits Nos. 2 and 3, respectively, are

predicated upon two different schemes, it appears that either scheme is feasible as of the date of the filing of the application and as of the date of the finding of just compensation.

I am willing to accept the Company's estimate of severance damage, which has been checked by the Railroad Commission's engineers and found to be reasonable, and find as a fact that the sum of $6,177., in addition to the just compensation heretofore found for the lands, property and rights, should be allowed in event the City elects to acquire the electric property only and the Company continues the operation of its gas plant.

I find as a fact that the sum of $1,954. should be allowed as severance damage in addition to the just compensation heretofore found for the lands, property and rights in event the City of Oroville elects to acquire both the electric and the gas properties.

3. Gas Property.

A description of the gas property sought to be acquired by the City is shown in Exhibit "B" attached to this decision. Inventory quantities are agreed upon. No valuation of the gas property was submitted by the Company but it accepts the valuation made by the engineers of the Commission. The City also accepts that valuation but desires it understood that it is accepted as an estimate of the reproduction cost less depreciation of the physical properties merely and not as the just compensation to be paid to the Company.

That the value and the amount of just compensation is affected by the fact that this property is engaged in a losing business and earning not even all its expenses of operation, without any return of the "cost of money" or "fair return," is clearly established by the record in this case. Counsel for

the Company, in his brief states:

> "This company has accepted the valuation placed on its gas properties by the engineers of the Commission. As was stated by Counsel for the company at the hearings, the gas business in Oroville, due to the increased cost of oil and increased labor costs, coupled with the small consumption of gas in that city, is not profitable and irrespective of the costs of construction of such a plant, the purchaser is bound to be influenced by this consideration. The City, of course, is free to purchase at this price or decline to purchase at this or any other price. The fact that the City has filed a petition to have a valuation placed on both the gas and electric properties does not make it mandatory to take both gas and electric properties if it elects to take either. It may decline to buy the gas properties and complete the purchase of the electric properties."

I have indicated, under the previous heading, to what results a calculation of going concern value would lead in the case of this gas plant if methods and mathematics were applied to this losing property the same as the Company urges should be applied to the profitable electric business. In the result the gas property would be worth a great deal less than nothing. If we reject the theory in the case of a profitable business, we should equally reject it in the case of a losing concern. It is, in fact, easily demonstrable that there is a certain minimum positive value in the case of this gas property, for the reason that it can be dismantled and the bare material sold for scrap. This scrap value, after the cost of scrapping is deducted, might amount to but little, but the remainder would be the minimum that would have to be allowed, in my opinion, in a case where for a considerable length of time there had been no profits whatever and where there are no prospects of any return.

A finding of just compensation requires a consideration of all factors affecting value, regardless of whether they tend towards a higher or a lower price. No factor should be ignored and none should be exaggerated or minimized. Certain outstanding facts confront us in this gas property. The Company bought in 1917 a large electric and gas company and, taking the transaction as a whole, made a profitable purchase. This gas plant was only a very small portion of this acquisition. It was, and had been for years, a liability instead of an asset and the Company was aware of that fact. Nevertheless, the undesirable small item was purchased with the desirable large items. No segregation was made in the purchase price paid between the profitable and the unprofitable portion of the property. Since the purchase this gas plant has remained a liability. While there are no exact figures in the record, the annual reports show an increasing deficit year by year, having in mind the accumulation of losses, and there appears to be no prospect of a change in this condition. The matter of rates is not at issue in this proceeding and it must be assumed that the rates are just and reasonable. If rates were increased there would probably be a reduction in the number of gas users and the loss might be greater. It is, therefore, no more than a recognition of an actual condition when the Company frankly admits its desire to be relieved of the ever growing losses caused by the possession of this unprofitable property and the necessity of its continued operation.

Neither is the Company in a position of its own accord to stop operation, discontinue service and put an end to the losses . This is a public utility and it may be that public necessity requires the continuation of this losing branch of its business. The Company's entire business is so large that, of necessity, some operations must be carried on at a loss.

It is apparent that in a case of this kind measures of value such as reproduction cost or historical cost, or reasonable investment or going concern (capitalized losses) fail completely and cannot give an answer in any way related to the controlling facts. The controlling facts demonstrate , from the standpoint of the Company, its bondholders and its stockholders, that to the present owner this property is not an asset but a liability.

But it seems to me that these are not all of the controlling facts. From the standpoint of the City, which has instituted proceedings to acquire this property, there are other factors equally controlling. It must be assumed that if the City desires to acquire this gas plant, it does so because it considers the property of value to the City. It wishes to supply its inhabitants with gas regardless of whether the operation is carried on at a profit or at a loss. Only two means are available to the City to accomplish that end. It can either build a new plant or it has the power to acquire the existing plant by paying "just compensation". If this gas plant were no longer in existence and a new one

had to be constructed, the cost to the City would certainly be an amount larger than the value of the present plant plus the cost of placing it in first-class operating condition. The City has elected to make use of its power of eminent domain and under this power it can force the Company to sell. It is conceivable that the City and the Company might negotiate without recourse to the law and without each party maintaining its legal rights and it is conceivable that the Company of its free will might make a gift of this plant to the City and that the City might accept that gift. But in such negotiations this Commission would have no legal function and such a situation does not confront us in this proceeding. We are required to determine the "just compensation", just both to the seller and the buyer.

From the standpoint of the City, in my opinion, the fair value must lie between, as the lower limit, the salvage value of the property and, as the upper limit, the depreciated cost of the property minus certain deductions. The City could afford to pay a sum of money upon which it might be able to earn fixed charges after the payment of all necessary operating expenses. The data in the record is insufficient to determine with accuracy what such a sum will be. It is a fact, however, that in the event of municipal ownership and operation, considerable savings can be made by the City which it is impossible for the Company to bring about. The City would not pay taxes. This item for the year 1918 would amount to over $1,100. The interest on the investment, that is to say the cost of money, would of necessity be much less burdensome to the City than it is to the Company;

not only because the amount of investment would be less, but also because the cost of money to the municipality would be at least 2% less than the cost to the Company. This saving might make a difference on the basis of the 1918 figures in favor of the City of as much as $4,500. The City could make considerable savings in overhead and possibly in the charges for depreciation. The total savings in 1918 should certainly have amounted to more than $5,000 and in each subsequent year the saving would be increasingly larger. It is possible, therefore, that under City ownership and operation, and even under present rates, this losing property might be turned into a self-sustaining enterprise.

The value of this property to the City, it will be noted, also bears no relation to the estimates of cost of reproduction or reproduction cost less depreciation and, as in the case of the value to the Company, such measures of value do not apply.

This case, as to the gas property, is in some respects analogous to the proceeding of the City of Eureka to acquire the street railway system, decided by this Commission in Decision No. 9020 (Opinions and Orders of the California Railroad Commission, Vol. 19, page 952). That property was a losing concern and did not earn more than operating expenses. The Commission said (page 957, supra):

> "If this property were, at this time, able to earn its way, including a fair return on a proper rate base or if, in the recent past, it had been able to earn its operating expenses plus a fair return; or if there were reasonable prospects of such a condition being brought about in the future, the fair value of the property, in my opinion, could not be less than its reproduction cost less depreciation plus a reasonable de-

"velopment cost (assuming that such development cost had not been returned to the utility out of earnings over and above fair return). Such a condition, however, does not exist in this case. It is established that for at least ten years the company has carried on its street railway operations at a loss. The testimony of the Commission's chief engineer and of the company's general manager is unanimous that there is no reasonable prospect of this property making even operating expenses plus taxes and depreciation in the future. There is uncontradicted testimony that the most economical step for the company to take, in case the city does not buy this property, is discontinuance of operation and the salvaging of the scrap.

"I am satisfied, nevertheless, that the present fair value is considerably higher than the mere scrap value. The city, if it should buy, will acquire an operating plant. I see no reason why, under municipal ownership and operation, the street railway system should not earn all of its expenses and prove a valuable asset to the city. The city will be relieved from important expense items which the privately owned and operated utility cannot avoid. The largest of these are taxes, certain overhead expenses and street paving costs. While these matters, perhaps, have no immediate bearing on the present value of this property, they go to show that in acquiring this street railway the city would not in any sense acquire a worthless property.

"I think it is also proper for me to say in this connection that discontinuance of street railway operation in Eureka would, without question, result in serious direct and indirect losses to the community and there appears to be no possibility, at this time, of a substitute for an electric street railway that can furnish equally satisfactory service at an equal cost. Should

the city not buy and this property be scrapped and should, thereafter, the city find it necessary to build a system of its own, it is apparent that a reasonable satisfactory street railway plant would cost at least $300,000. It would unquestionably be more economical for the city to acquire the existing property at a reasonable price and thereafter rehabilitate the system in such manner as the city might desire."

Some of the facts referred to in the quotation above hold true for the Oroville gas property; others are different. The present proceeding does not as clearly establish the extent and the period of losses from operation and there is nothing in the present record to show that the Oroville gas plant, even if unable in the future to earn operating expenses, should be scrapped.

Basing my conclusions on the facts and circumstances discussed in this opinion, I find as a fact that the just compensation to be paid to the Pacific Gas and Electric Company for the gas property sought to be acquired by the City of Oroville, as described in Exhibit "B" attached hereto, is the sum of $50,000.

There is no severance damage relating to the gas property.

I submit the following:

FINDINGS AND ORDER.

The City of Oroville, a municipal corporation, having filed with the Commission a petition setting forth the intention of the City to acquire under eminent domain proceedings, or otherwise, certain specifically described parts or portions of lands, property and rights of the Pacific Gas and Electric Company, a public utility, and asking the Commission to fix and determine the just compensation to be paid to the Pacific Gas and Electric Company for said lands, property and rights; the Commission having proceeded under the provision of Section 47 of the Public Utilities Act to fix and determine the just compensation to be paid by said City of Oroville to said Pacific Gas and Electric Company for said lands, property and rights; public hearings having been held; the parties hereto having been accorded full opportunity for the presentation of whatever evidence they desired to introduce; briefs having been filed; this proceeding having been submitted and the Commission being fully advised in the matter, the Commission hereby makes its findings as follows:

1. The Commission finds as a fact that the just compensation to be paid by the said City of Oroville to Pacific Gas and Electric Company for that part and portion of said Company's lands, properties and rights, not including severance damage, and embracing the electric distribution system in the City of Oroville and adjacent territory, which said lands, properties and rights are described in Exhibit "A" and made a part of the findings herein, is the sum of $90,861.

2. The Commission finds as a further fact that the lands, properties and rights, appertaining to the electric distribution system, and the parts and portions thereof which the City of Oroville seeks to acquire were, at the time of the findings

310

of the Commission herein, used by the Pacific Gas and Electric Company in connection with other property and rights not sought to be acquired by said City, and constitutes in connection therewith a larger system used by said Pacific Gas and Electric Company for the generation, distribution and sale of electricity; and that by reason of the taking of said lands, properties and rights and the parts and portions thereof sought to be acquired by said City a severance damage will result to the lands, properties and rights of said Pacific Gas and Electric Company which are not sought to be acquired by said City; and the Commission hereby finds the amount of said severance damage to be-

(a) in the event that said City of Oroville shall elect to acquire both the electric property and the gas property, as described in Exhibits "A" and "B" respectively, and made a part of these findings, the sum of $1,954.00;

(b) in the event that said City of Oroville shall elect to acquire the electric distribution system only, as described in Exhibit "A" and made a part of these findings, the sum of $6,177.00.

3. The Commission finds as a further fact that the just compensation to be paid by said City of Oroville to Pacific Gas and Electric Company for that part and portion of said Company's lands, properties and rights embracing the gas properties in the City of Oroville and adjacent territory, which said lands, properties and rights are described in Exhibit "B" and made a part of the findings herein, is the sum of $50,000.00.

4. The Commission hereby finds as a further fact that no severance damage attaches to the gas property referred to under Subdivision 3 of these findings and order.

The foregoing opinion, findings and order, together with Exhibits "A" and "B" attached hereto, are hereby approved

and ordered filed as the opinion, findings and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 16th day of ~~May~~ June, 1922.

Commissioners.

California Railroad Commission

Exhibit "A" accompanying Decision No. 10590

Application No. 4019

Description of lands, properties and rights and parts and portions thereof sought to be acquired by the City of Oroville, and comprising the electric distribution system of the Pacific Gas and Electric Company in the City of Oroville and adjacent territory, as described in the detailed inventory of property listed in the report of the engineering department of the Railroad Commission of the State of California, dated January 14, 1919, and in evidence in these proceedings as Commission's Exhibits Nos. 1 and 2 and as modified by amended petition of the City of Oroville of January 15, 1919, and by amendment of October 5, 1921, and by stipulation entered into between the Pacific Gas and Electric Company and the City of Oroville on October 5, 1921.

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Land devoted to electric operations

Located in City of Oroville

Location and description of tracts	Date of Purchase	Purpose for which used or acquired	Dimensions	Area
Portion of Block 38, City of Oroville. Fronting 39 feet on the east side of Huntoon Street with a depth of 36 feet. The southerly line being parallel to and 225 feet from the north line of Montgomery Street. Described more particularly as follows: Beginning at a point in the easterly property line of Huntoon Street, City of Oroville, County of Butte, State of California. Said point of beginning being two hundred and twenty-five feet northerly and measured along the said easterly property line of Huntoon Street, from the intersection of the northerly property line of Montgomery Street and the said easterly property line of Huntoon Street, thence easterly at right angles to Huntoon Street thirty-six feet, thence northerly, parallel to Huntoon Street thirty-nine feet, thence westerly at right angles to Huntoon Street thirty-six feet to the said easterly property line of Huntoon Street, thence southerly along the said easterly property line of Huntoon Street thirty-nine feet to the point of beginning.	Unknown	Site for building	39' x 36'	1404 Sq.ft.

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Poles and Fixtures

Located in City of Oroville

Types, Sizes, Quantities, Etc.	Proportion and division of ownership	Units	Number of Units
Poles - Round cedar 20 feet	100%	Each	2
Poles - Round cedar 25 feet	100%	Each	30
Poles - Round cedar 30 feet	100%	Each	67
Poles - Round cedar 35 feet	100%	Each	222
Poles - Round cedar 40 feet	100%	Each	114
Poles - Round cedar 45 feet	100%	Each	3
Poles - Round cedar 50 feet	100%	Each	1
Poles - Round cedar 55 feet	100%	Each	1
Poles - Round cedar 60 feet	100%	Each	2
Poles - Round cedar 65 feet	100%	Each	1
Poles - Square redwood 20 feet	100%	Each	2
Poles - Square redwood 25 feet	100%	Each	13
Poles - Square redwood 30 feet	100%	Each	36
Poles - Square redwood 35 feet	100%	Each	13
Poles - Square fir 6"x 8" 25 feet	100%	Each	3
Poles painting 25 feet	100%	Each	1
Poles painting 30 feet	100%	Each	7
Poles painting 35 feet	100%	Each	43
Poles painting 40 feet	100%	Each	68
Poles concrete set	100%	Each	7
Poles with sidewalk setting	100%	Each	54
Poles tins	100%	Each	27
Poles stepped	100%	Each	239
Crossarms 4"x 6"x 7'	100%	Each	635
Crossarms 4"x 6"x 5'	100%	Each	419
Crossarms 3"x 4"x 3'	100%	Each	232
Insulator pins wood	100%	Each	3061
Insulator pins iron	100%	Each	27
Brackets wood	100%	Each	87
Brackets iron special	100%	Each	1
Brackets iron special	100%	Each	3
Cross arm braces 1/4"x 1½"x 28"	100%	Each	1829
Bolts through 5/8" x 14"	100%	Each	1164
Bolts spacing 5/8" x 18"	100%	Each	210
Bolts brace 3/8" x 3" (Lags)	100%	Each	1843
Bolts lag 3/8" x 3" (Heel bolts)	100%	Each	1103
Bolts eye 5/8" x 8"	100%	Each	39

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Poles and Fixtures (Continued)

Located in City of Oroville

Types, Sizes, Quantities, Etc.	Proportion and division of ownership	Units	Number of Units
Guy clamps	100%	Each	37
Guy guards	100%	Each	16
Anchors slug and rod	100%	Each	70
Guys 5/16" average length 64 feet	100%	Each	66
Guys #9 average length 104 feet	100%	Each	68
Meter boxes	100%	Each	3
Meter boxes	100%	Each	2
Meter boxes	100%	Each	4
Oil switch boxes	100%	Each	2
Insulated platforms	100%	Each	1
Insulated platform	100%	Each	1
Insulated platform and ladders	100%	Each	2
Floor flanges 2 inch	100%	Each	2
Pipe tee 2 inch	100%	Each	1
Pipe black 2 inch	100%	One foot	25
Rough fir lumber	100%	M Bd. ft.	1.343
Extra work on delivery of poles over rock piles	100%	Each	14
Extra time digging rock pile hole	100%	Each	14

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Overhead System

Located in City of Oroville

Items with Detailed Description	Proportion and division of ownership	Units	Number of Units
Wire D.B. Weatherproof Copper No. 10	100%	1000 feet	2.325
Wire D.B. Weatherproof Copper No. 8	100%	1000 feet	102.057
Wire D.B. Weatherproof Copper No. 6	100%	1000 feet	74.175
Wire D.B. Weatherproof Copper No. 4	100%	1000 feet	21.455
Wire D.B. Weatherproof Copper No. 2	100%	1000 feet	8.650
Wire D.B. Weatherproof Copper No. 0	100%	1000 feet	4.150
Wire D.B. Weatherproof Copper No. 00	100%	1000 feet	5.045
Wire Bare Copper No. 8	100%	1000 feet	1.900
Wire Bare Copper No. 6	100%	1000 feet	6.705
Wire Bare Copper No. 4	100%	1000 feet	1.730
Wire Bare Aluminum Equivalent of No. 6	100%	1000 feet	2.250
Insulators D.G.D.P. Glass	100%	Each	2906
Insulators Cable Type porcelain	100%	Each	75
Insulators 11 K.V. porcelain	100%	Each	15
Insulators 17 K.V.	100%	Each	64
Insulators Strain	100%	Each	494
Wire and Miscellaneous material (at Rock Crusher	100%		
Wire and Miscellaneous material (At Boston Machine Shop	100%		
Wire and Miscellaneous material (at Septic Tank	100%		
Underground crossing 60 K.V. Line Marysville Avenue	100%		
Black Pipe 1 inch	100%	100 feet	1.30
Black Elbows 1 inch	100%	Each	4
Black Nipples 1 inch	100%	Each	2
Trench 24 inch	100%	feet	100
Wire R.C. No. 6 Copper	100%	100 feet	2.60
Wire R.C. No.10 Copper	100%	100 feet	1.50
Wire R.C. No. 8 Copper	100%	100 feet	8.20
Wire R.C. No. 6 Copper	100%	100 feet	28.45
Wire R.C. No. 4 Copper	100%	100 feet	7.50
Wire R.C. No. 1 Copper	100%	100 feet	2.50
Conduit 1 inch	100%	feet	30
Conduitlets 1 inch Type F	100%	Each	4
Porcelain Knobs with screws	100%	Each	523

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Substation Buildings and General Structures

Located in City of Oroville

General Description - Number of stories, basement, material of which constructed; kind of roof, floor, interior finish, etc.	Items, Dimensions, Areas, Quantities, Etc.
Old Sub-station Building, one story, with one second floor room. Wooden frame, corrugated iron and brick, hip roofs, Concrete floor. Now used as garage warehouse and testing room.	31'0" x 21'0" x 16'0" to eaves
Electrical store room, corrugated iron lean-to, with plank floor	31'0" x 14'0" x 14'0" high
Gasoline and oil house, concrete, corrugated iron door	7'0" x 6'6" x 9'6" high

318

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property
Line Transformers and Devices
Located in City of Oroville

General Description of Transformer, Manufacturer, Type, Cooling, Etc.	Make	Voltage K.V. Prim.	Voltage K.V. Sec	K.W. or K.V.A.	Phase and Frequency	Number of Each
Transformer pole type	G.E.	2200	220/110	.6	Single 60 Cy.	7
Transformer pole type	G.E.	2200	220/110	1.	Single 60 Cy.	5
Transformer pole type	G.E.	2200	220/110	1½	Single 60 Cy.	5
Transformer pole type	G.E.	2200	220/110	2	Single 60 Cy.	2
Transformer pole type	G.E.	2200	220/110	2½	Single 60 Cy.	5
Transformer pole type	G.E.	2200	220/110	3	Single 60 Cy.	16
Transformer pole type	G.E.	2200	220/110	4	Single 60 Cy.	5
Transformer pole type	G.E.	2200	220/110	5	Single 60 Cy.	53
Transformer pole type	G.E.	2200	220/110	7½	Single 60 Cy.	17
Transformer pole type	G.E.	2200	220/110	10	Single 60 Cy.	18
Transformer pole type	G.E.	2200	220/110	15	Single 60 Cy.	6
Transformer pole type	G.E.	2200	220/110	20	Single 60 Cy.	3
Transformer pole type	W.E.&M.	2200	220/110	3	Single 60 Cy.	4
Transformer pole type	W.E.&M.	2200	220/110	5	Single 60 Cy.	1
Transformer pole type	W.E.&M.	2200	220/110	20	Single 60 Cy.	2
				Unit		
G. E. Cut outs No. 51874				Each		73
G. E. Cut outs No. 51874 less plugs				Each		23
Oil switch pole type 100 amp. 6600 volts	W.E.&M.			Each		4
Oil switch swbd. type 100 amp. 6600 volts	W.E.&M.			Each		2
Cut outs 50 amp. 2500 volts				Each		3
Cut outs 50 amp. 6600 volts				Each		6
Cut outs 50 amp. 1100 volts				Each		3

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Electric Services

Located in City of Oroville

General Description of Conductors. Insulation Ducts. Supports and other Appurtenances	Wire Size	Wire No.	Average Length in Feet	Bare or W.P.	Number of Each
Double Braid Weatherproof	#8	2	100	W.P.	869
Double Braid Weatherproof	#6	3	100	W.P.	69
Double Braid Rubber covered	#10	2	10	R.C.	64
Double Braid Rubber covered	#10	2	20	R.C.	15
Underground Services			Unit		
Pipe Black 3/4 inch			100 ft.		1.15
Trench 18 inch			feet		80
Wire R.C. No. 6 copper			100 ft.		2.40
Conduiet 3/4 inch Type FF			Each		1
Pipe Black 1½ inch			100 ft.		.55
Trench 18 inch			feet		30
Wire R.C. No. 6 copper			100 ft.		2.40
Pipe Black 1½ inch			100 ft.		.80
Conduiet 1½ inch Type F			Each		1
Wire R.C. No. 6 copper			100 ft.		2.60
Pipe Black 2 inch			100 ft.		.80
Trench 18 inch			feet		35
Wire R.C. No. 4 copper			100 ft.		2.60
Conduiet 2 inch Type F			Each		1
Material used and necessary labor to rearrange house wiring at time the City of Oroville was metered			Installation		710

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Meters

Located in City of Oroville

Full description of apparatus including reference to manufacturer's style or catalogue numbers	Make	Type	No. of Wire	Amperage	Phase and Frequency	Voltage Volts	Voltage A.C. or D.C.	Number of Each
Thomson High Torque Meter	G.E.	I	2	3	Single	110	A.C.	3
Thomson Watthour Meter	G.E.	I 10	2	5	Single	110	A.C.	765
Thomson Watthour Meter	G.E.	I 10	2	10	Single	110	A.C.	110
Thomson High Torque Meter	G.E.	I	2	15	Single	110	A.C.	65
Westinghouse Single phase Meter	W.E.&M.	O.A.	2	20	Single	110	A.C.	1
Thomson High Torque Meter	G.E.	I	2	25	Single	110	A.C.	31
Westinghouse single phase Meter	W.E.&M.	O.A.	2	40	Single	110	A.C.	1
Thomson High Torque Meter	G.E.	I	2	50	Single	110	A.C.	6
Thomson Polyphase Meter	G.E.	D3	3	15	Poly.	220	A.C.	1
Thomson Polyphase Meter	G.E.	D3	3	25	Poly.	220	A.C.	2
Thomson Polyphase Meter	G.E.	D3	3	100	Poly.	220	A.C.	1
Westinghouse Watthour demand Meter	W.E.&M.	R.O.	4	5	Poly.	110	A.C.	2
Transformers - Potential 2200/110 Volts								9
Transformers - Current 10/5 Amperes								3
Transformers - Current 15/5 Amperes								10
Transformers - Current 20/5 Amperes								6
Transformers - Current 40/5 Amperes								10
Transformers - Current 60/5 Amperes								4
Transformers - Current 100/5 Amperes								3

321

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Municipal Street Lighting System

Located in City of Oroville

Items with detailed description	Unit	Number of Units
Multiple Arc Lamp on Span Suspension	Each	4
Mazda Type C Lamp on Span Suspension	Each	8
Mazda Type B Lamp on Span Suspension	Each	3
Mazda Type B Lamp on Gooseneck Bracket	Each	142

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Telephone Lines

Located in City of Oroville

Items with detailed description	Proportion and division of ownership	Unit	Number of Units
Wire Bare No. 12 Iron	100%	1000 Ft.	11.6

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Land Devoted to Electric Operations

Located outside of City of Oroville

Location and Description of Tracts	Purpose for which used or acquired
Easements for 106 poles	Pole line

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Poles and Fixtures

Located outside of City of Oroville

Types. Sizes. Quantities, Etc.	Proportion and division of ownership	Units	Number of Units
Poles - Round Cedar 20 feet	100%	Each	8
Poles - Round Cedar 25 feet	100%	Each	34
Poles - Round Cedar 30 feet	100%	Each	26
Poles - Round Cedar 35 feet	100%	Each	97
Poles - Round Cedar 40 feet	100%	Each	66
Poles - Square Redwood 20 feet	100%	Each	1
Poles - Square Redwood 25 feet	100%	Each	14
Poles - Square Redwood 30 feet	100%	Each	3
Poles - Square Redwood 35 feet	100%	Each	2
Poles Painting 30 feet	100%	Each	1
poles Painting 35 feet	100%	Each	1
Poles Stepped	100%	Each	31
Cross arms 4"x 6"x 7 ft.	100%	Each	129
Cross arms 4"x 6"x 5 ft.	100%	Each	264
Cross arms 3"x 4"x 3 ft.	100%	Each	60
Insulator pins - wood	100%	Each	1105
Insulator pins - iron	100%	Each	154
Brackets - wood	100%	Each	4
Cross arm Braces 1/4"x 1½"x 28"	100%	Each	748
Bolts through 5/8" x 14"	100%	Each	412
Bolts spacing 5/8" x 18"	100%	Each	72
Bolts brace 3/8" x 3" (Lags)	100%	Each	753
Bolts lag 3/8" x 3" (Heel Bolts)	100%	Each	409
Bolts Eye 5/8" x 8"	100%	Each	33
Bolts Eye 5/8" x 18"	100%	Each	13
Guy Clamps	100%	Each	14
Guy Guards	100%	Each	14
Anchors slug and rod	100%	Each	82
Guys 7/16" - average length 58 feet	100%	Each	39
Guys 5/16" average length 55 feet	100%	Each	33
Guys #9 average length 60 feet	100%	Each	18
Meter Box	100%	Each	1
Meter Boxes	100%	Each	2
Oil Switch Boxes	100%	Each	1
Insulated platform	100%	Each	2
Rough Fir Lumber	100%	M bd.ft.	.027
Extra work on delivery of poles over rock piles	100%	Each	127
Extra time digging rock pile holes	100%	Each	127

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Overhead System

Located outside of City of Oroville

Items with detailed description	Proportion and division of ownership	Units	Number of Units
Wire D.B. Weatherproof Copper No. 10	100%	1000 Ft.	.450
Wire D.B. Weatherproof Copper No. 8	100%	1000 Ft.	11.015
Wire D.B. Weatherproof Copper No. 6	100%	1000 Ft.	13.372
Wire D.B. Weatherproof Copper No. 4	100%	1000 Ft.	1.390
Wire D.B. Weatherproof Copper No. 00	100%	1000 Ft.	20.865
Wire Bare Copper No. 8	100%	1000 Ft.	9.475
Wire Bare Copper No. 6	100%	1000 Ft.	3.900
Wire Bare Copper No. 4	100%	1000 Ft.	31.265
Wire Bare Copper No. 00	100%	1000 Ft.	39.234
Wire Bare Aluminum Equivalent of No. 8	100%	1000 Ft.	7.100
Wire Bare Aluminum Equivalent of No. 6	100%	1000 Ft.	1.050
Wire 5/16 inch - 7 strand galvanized steel	100%	1000 Ft.	.500
Insulators D.G.D.P. Glass	100%	Each	731
Insulators Cable Type Porcelain	100%	Each	342
Insulators 11 K.V. Porcelain	100%	Each	6
Insulators Strain Thomas #1055	100%	Each	13
Insulators Strain	100%	Each	136
Wire and Miscellaneous material [illegible] at Swayne Lumber Company	100%		
Underground Crossing G.W.P.Co. Pleasant Valley Road			
Black Pipe 1"	100%	100 Ft.	1.25
Black Elbows 1"	100%	Each	4
Black Nipples 1"	100%	Each	2
Trench 18"	100%	Feet	100
Wire R.C. No. 6 Copper	100%	100 Ft.	2.50
Underground Crossing G.W.P. Co. Wyndotte Road			
Black Pipe 1"		100 Ft.	1.60
Trench 18"		100 Ft.	.80
Wire R.C. No. 6 Copper		100 Ft.	4.80

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Line Transformers and Devices

Located outside of City of Oroville

General description of Transformer, Manufacturer, Type. Cooling. Etc.	Make	Voltage K.V. Prim.	Voltage K.V. Sec.	K.W. or K.V.A.	Phase and Frequency	Number of Each
Transformer pole type	G.E.	2200	220/110	.6	Single 60 Cy.	5
Transformer pole type	G.E.	2200	220/110	1.	Single 60 Cy.	3
Transformer pole type	G.E.	2200	220/110	1½	Single 60 Cy.	2
Transformer pole type	G.E.	2200	220/110	2	Single 60 Cy.	1
Transformer pole type	G.E.	2200	220/110	2½	Single 60 Cy.	1
Transformer pole type	G.E.	2200	220/110	3	Single 60 Cy.	6
Transformer pole type	G.E.	2200	220/110	5	Single 60 Cy.	6
				Unit		
G.E. Cut outs No. 51874				Each		11
Oil Switch pole type 100 Amp. 6600 Volts W.E.& M.				Each		1
Oil Switch Swbd. type 100 Amp. 6600 Volts W.E.& M.				Each		1
Cut outs 10 Amp. 2200 Volts				Each		3
Cut outs 50 Amp. 11000 Volts				Each		3
Lightning Arrester pole type				Each		1
Transformer ground						
Pipe galvanized 3/4" 5 feet						
Wire Bare No. 8 Copper 30 feet						

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Electric Services

Located outside of City of Oroville

General Description of Conductors. Insulation Ducts. Supports and other Appurtenances	Size	No.	Average Length in Feet	Bare or W.P.	Number of Each
Double Braid Weather proof	#8	2	100	W.P.	109
Double Braid Weather proof	#6	3	100	W.P.	7

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Meters

Located outside of City of Oroville

Full Description of apparatus including reference to Manufacturer's Style or Catalogue Numbers	Make	Type	No. of Wire	Amperage	Phase and Frequency	Voltage Volts	Voltage A.C. or D.C.	Number of Each
Thomson Watthour Meter	G.E.	I.10	2	5	Single	110	A.C.	92
Westinghouse Watthour demand Meter	WE&M	R.O.	4	5	Poly.	110	A.C.	1
Transformers potential 2200/110 Volts								2
Transformers current 75/5 amperes								3

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Municipal Street Lighting System

Located outside of City of Oroville

Items with detailed Description	Unit	Number of Units
Mazda Type B Lamp on Gooseneck Bracket	Each	20

CALIFORNIA RAILROAD COMMISSION

Description of Electric Property

Telephone Lines

Located outside of City of Oroville

Items with detailed description	Proportion and division of ownership	Unit	Number of Units
Poles - Square redwood 6"x6" 20 ft.	50%	Each	33
Poles - Round Cedar 30 ft.	50%	Each	1
Poles - Round Cedar 35 ft.	50%	Each	2
Cross Arms 4" x 6" x 7 ft.	50%	Each	4
Cross Arms 4" x 6" x 5 ft.	50%	Each	72
Insulators pins wood	50%	Each	137
Anchors slug and rod	50%	Each	7
Guys #9 Average length 64 ft.	50%	Each	7
Cross arm braces 1/4"x 1½"x 28"	50%	Each	138
Bolts through 5/8" x 14"	50%	Each	69
Bolts brace 3/8" x 3" (Lags)	50%	Each	138
Bolts lag (Heel bolts)	50%	Each	69
Insulator pony glass	100%	Each	68
Insulator strain	100%	Each	32
Wire bare No. 12 iron	100%	1000 ft.	14.478
Pipe black 3/4"	50%	100 ft.	7.30
Trench 18"	50%	feet	240
Twisted pair R.C. No. 15 copper	50%	100 ft.	9.50
Telephone drops	100%	Each	5
Telephone Kellogg Wall Sets	100%	Each	5
Extra work on delivery of poles and rock pile setting	50%	Each	36

328

California Railroad Commission

Exhibit "B" accompanying Decision No. 10590

Application No. 4019

Description of lands, properties and rights sought to be acquired by the City of Oroville and comprising the gas properties of the Pacific Gas and Electric Company in the City of Oroville and adjacent territory, as described in the detailed inventory of property listed in the report of the engineering department of the Railroad Commission of the State of California, dated January 14, 1919, and in evidence in these proceedings as Commission's Exhibit No. 3, and as modified in the opinion preceding the findings and order of this decision.

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Land Devoted to Gas Operations

Located at Oroville

Location and description of tracts	Date of purchase	Purpose for which used or acquired	Dimensions	Area
Portion of Lots 3 and 4, Block 38, City of Oroville. An irregular shaped piece. Beginning at a point in the East property line of Huntoon Street one hundred feet North of the North line of Montgomery Street, thence northerly along the East property line of Huntoon Street one hundred and twenty-five feet, thence easterly at right angles to Huntoon Street thirty-six feet, thence northerly parallel to Huntoon Street thirty-nine feet, thence easterly at right angles to Huntoon Street sixty-four and twenty-five hundredths feet, thence southerly parallel to Huntoon Street one hundred and sixty-four feet, thence westerly, at right angles to Huntoon Street one hundred and twenty-five hundredths feet to point of beginning.	Unknown	Gas generating Plant	125'x 36' 164'x 64.25 Total	4500 Sq.ft. 10537 Sq.ft. 15037 Sq.ft.

CALIFORNIA RAILROAD COMMISSION
Description of Gas Property
Gas Plant Buildings and General Structures
Located at Oroville

General Description Number of stories, basement, material of which constructed; kind of roof, floor, interior finish, etc.	Items, Dimensions, Areas, Quantities, Etc.
Generator Building	51'9" x 37'11" x 24'3" to underside of truss
One story, part concrete and part brick, steel frame with corrugated iron roof, concrete floor, no basement.	
Excavation	44.8 cubic yards
Concrete foundation	29.7 cubic yards
Concrete walls	57.6 cubic yards
Brick	47.412 thousand
Structural steel	9804 pounds
Corrugated iron	26.6 Squares
4'0" x 5'6" window and frame	2
5'5" x 8'6" wooden door and frame	1
2'10" x 6'6" wooden door and frame	1
Skylight, louvres, ladder and railing	
6" concrete floor	1220 sq. ft.
Warehouse and Works Office	
One story with one room on second floor Brick wall, wooden frame, corrugated iron and tar, paper roof. No basement	62'6" x 51'8" x 17'0" high
Lumber	13.611 M board feet
Tongue and grooved	26.05 Squares
Rustic	5.00 Squares
Brick	32.742 Thousand
Corrugated iron	49.22 Squares
Concrete floor	312 Sq. ft.
2'10" x 5'0" window and frame	3
3'0" x 6'0" window and frame	1
2'10" x 6'10" door	1
Screen door	1
Toilet and Plumbing	
Purifier Building	
Platform with one end sheltered with corrugated iron roof and sides	37'4" x 37'4" x 8'0" high
Lumber	7.967 M board feet
Corrugated iron	13.8 Squares
Concrete foundation	2.1 Cubic yards
Concrete floor	765 Square feet
Shower and basin	
Blacksmith shop	15'6" x 12'0" x 10'0" high
Corrugated iron lean-to	
Corrugated iron	5.35 Squares
Lumber	.45 M board feet
Screen and hardware	

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Holders

Located at Oroville

Location and General Description	Quantities, Items, Dimensions, Weight, Etc.
Storage Holder	Capacity 16,500 cubic feet
Two lifts, concrete tank	
Holder, steel girders	24483 pounds
Excavation	207 cubic yards
Concrete	149 cubic yards
Reinforcing steel	3125 pounds
Iron wire	500 pounds
Forms	3410 square feet
Painting	3480 square feet
Water in tank	
Cast iron stand pipe and fittings	
Relief Holder	Capacity 9000 cubic feet
Single lift, wooden tank	
Holder steel	8134 pounds
Excavation	478 cubic yards
Concrete around the tank	15.7 cubic yards
Painting	1902 square feet
Wooden tank	
Water in tank	
Wrought iron stand pipe and fittings	

CALIFORNIA RAILROAD COMMISSION
Description of Gas Property
Furnaces, Boilers and Accessories
Located at Oroville

Location and General Description	Quantities, Items, Dimensions, H.P., Etc.
Return tubular boiler with stack and breeching installed	60 H.P. 5'0" dia. 16'0" long
Brick setting Foundation	6.8 cubic yards
Return tubular boiler with stack and breeching installed	15 H.P. 3'0" dia. 9'0" long
Brick setting Foundation	2.7 cubic yards
Locomotive boiler disconnected (Joshua Hendy)	36" dia. x 14'9" long
Sturtevant blower	No. 4 Monogram (2)
Sturtevant blower	No. 3 Monogram (1)
General Electric Motor with starting switch	5 H.P.
Horizontal Steam engine (Climax)	7½ H.P.
Leather belt 4" S.P.	14 ft. long
Leather belt 4" S.P.	30 ft. long
Blast piping valves and fittings	10 feet
Fairbanks Morse Duplex pumps	4½" x 3" x 4" (2)
Oil heater	17" dia. 4'0" high
Engine foundation	1.5 cubic yards
Oil pumps foundation	1.67 cubic yards
Oil pumps foundation steel	2 - 6" I Beams 4'6"
Steel support for blowers (No. 4)	
Covering for smoke consumer fan on roof	
Smoke consumer brick lined with concrete steel bands, angle iron corners and 4" drain pipe	
Sump for smoke consumer	1.4 cubic yards
Drain for sump	16 ft. black pipe, 85 ft. riveted pipe
Operators table	

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Gas Generators

Located at Oroville

Location and General Description	Quantities, Items, Dimensions, Weight, Etc.
No. 1 Oil Gas Set	Capacity 100,000 Cu. ft.
Primary Generator	4'9" dia x 14'0"
Secondary Generator	4'0" dia x 20'0"
Wash Box	5'0" dia x 3'0"
Total Steel	6892 pounds
Cast Iron Doors and fittings	
Stack	
Brick	7.000 M
Foundation	
Meter Stand and coil piping	
No. 2 Oil Gas Set	Capacity 40,000 Cu. ft.
Primary Generator	3'9" dia x 13'9"
Secondary Generator	3'0" dia x 16'3"
Wash Box	4'0" dia x 3'0"
Total Steel	4796 pounds
Cast iron doors and fittings	
Stack	
Brick	4.200 M
Foundation	
Meter Stand and coil piping	

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Purification Apparatus

Located at Oroville

Location and General Description	Quantities, Items, Dimensions, Weight, Etc.
Scrubbers and connections	
Scrubbers	4'0" dia. x 18'0"
Steel	2997 pounds
Cast iron door fittings	
Foundations	
Total for one unit	
Second unit	
Purifiers	
I Beam	One 6 inch 29'0"
One ton Yale and Towne Triplex Blocks	1
Cast iron purifiers with steel top	10'5" x 10'5" x 5'3" deep
Second unit	
Concrete foundations and excavation	28 cubic yards
Oxide 200 cu. feet each purifier	2 units
Standard center seals 10 inch	2

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Accessory Equipment at Works

Located at Oroville

Location and General Description	Quantities, Items, Dimensions, Weight, Etc.
Lampblack separator and overflow piping	
Oil tank (under floor) wooden	10,000 gallons
Tank lined with concrete 9" thick	13'8" dia. x 11'2" deep
Oil tanks 1/8" galvanized iron	6'2½" dia. 9'9" high (2)
Wooden platform for oil tanks	7'0" x 14'0" 2" x 12" plank 6" x 6" posts
Douglas drip pumps 1½"	4
Wilbraham Green exhaustor	6"
G. E. Motor	5 H.P.
Leather belt 4" S.P.	18 feet long
G.E. Motor, drill press and grind stone	
Leather belt 4" S.P.	12 feet long
Wall drill press	
Emersion washer	5'5" x 4'0" x 3'0" deep
Foundation for emersion washer	2.1 cu. yards
Steel tank 3' dia. x 8'2" x 3/16" thick, 2" x 2" x ¼" angle iron on end	773 pounds
Old lampblack separators	
Pipe through levee 40 feet	6" gate valve 10 ft. 6" black pipe 30 ft. 10" vitrified pipe.
Yard piping	
Pipe	
Valves	
Fittings	
Chapman Fulton regulator	8"
Labor for installation	
Electrical wiring	

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Miscellaneous Production Equipment

Located at Oroville

Location and General Description	Quantities, Items, Dimensions, Weight, Etc.
Cotton covered fire hose with nozzle	1½" 50 feet
Rubber hose with nozzle	3/4" 50 feet
Fire Extinguisher	4
American Meter Co. round portable prover	
Meter prover 5 light	
Fairbanks platform scales	3000 pounds capacity
Bench	1
Vise	1
Anvil	1
Blacksmith forge	2
Wheelbarrows	2
Shovel and fork spade	4
Douglas drip pumps	2
Cotton covered hose and nozzle in shed	
Eight day clock	
Electric extension cord	
Blue print frame on rail	3'0" x 4'0"
Blue print frame [illegible]	2'0" x 3'0"
Tin lined wash tray	
Table	
Shelf	
Roll top desk	
Cabinet	
Chairs	2
Stool	
Electric fan	
Cormmly set (Jones photometer and gauge)	
Gas heater	
Drawing table	
Johnson's First Aid Cabinet	
Portable Bristol recording gauge	
Drip pump	
Set stencils	
Water filters	2
Tools and appliances	

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Distribution Mains

Located at Oroville

Items with Detailed Description	Units	Number of Units
Wrought Iron Pipe 3/4 inch	100 ft.	1.56
Wrought Iron Pipe 1 inch	100 ft.	13.70
Wrought Iron Pipe 1¼ inch	100 ft.	10.07
Wrought Iron Pipe 1½ inch	100 ft.	200.35
Wrought Iron Pipe 2 inch	100 ft.	211.61
Wrought Iron Well Casing 3 inch	100 ft.	19.80
Wrought Iron Well Casing 3½ inch	100 ft.	24.03
Boiler Tube 3½ inch	100 ft	8.45
Wrought Iron Pipe 4 inch	100 ft.	59.29
Wrought Iron Well Casing 4 inch	100 ft.	56.46
Wrought Iron Pipe Drips 2 inch	Each	70

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Gas Services

Located at Oroville

General Description of Service, Fittings, Depth and Other Appurtenances	Pipe Size	Pipe Weight per 100	Length in feet	High or low pressure	Number of each
Wrought iron pipe 3/4 inch	3/4	113	59	Low	625
Wrought iron pipe 1 inch	1	168	59	Low	24
Wrought iron pipe 1¼ inch	1¼	228	59	Low	12
Wrought iron pipe 1½ inch	1½	273	59	Low	1
Oro Water Light and Power Company furnished 25 feet of pipe from property line without cost to consumer.					
Pacific Gas & Electric Company now furnish 100 feet of pipe from main without cost to consumer.					
Paving over service.					5
Wrought iron pipe 3/4 inch not connected	3/4	113	59	Low	56

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Gas Meters

Located at Orovillo

Full Description of Apparatus Including Reference to Manufacturer's Style and Type of installation	Size	Regular or Prepay	Case Tin or Iron	Number of each
Tin Meter Several Manufacturers	3 light	Regular	Tin	516
Tin Meter Several Manufacturers	5 light	Regular	Tin	25
Tin Meter Several Manufacturers	40 light	Regular	Tin	1
Iron Meter No. 1 Sprague	No. 1	Regular	Iron	230
Iron Meter No. 2 Sprague	No. 2	Regular	Iron	2

CALIFORNIA RAILROAD COMMISSION

Description of Gas Property

Stores and Supplies on Hand for Use in California

Located at Oroville

Items with Detailed Description	Unit	Number of Units
Fuel Oil	Gallon	12100
Lubricating Oil	Gallon	5
Distillate	Gallon	100
Lamp Black	Ton	1
Tin meters 3 light	Each	49
Tin meters 5 light	Each	32
Tin meters 10 light	Each	1
Iron meters #1 Sprague		21
Pipe covering material		
Pipe fittings and miscellaneous material		