

# ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 1797

In the Matter of the Application of SNOW MOUNTAIN WATER AND POWER COMPANY and CALIFORNIA TELEPHONE AND LIGHT COMPANY for an order permitting Snow Mountain Water and Power Company to transfer and lease certain of its properties to California Telephone and Light Company and authorizing California Telephone and Light Company to execute its promissory note to Snow Mountain Water and Power Company.

Application No. 1304.

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Leo H. Susman for applicants.

WHELEN, Commissioner.

## O P I N I O N.

This is an application of Snow Mountain Water and Power Company for authority to lease certain property to California Telephone and Light Company under two certain agreements, which will hereinafter be referred to, and of California Telephone and Light Company to execute its promissory note in the sum of \$790.18 in payment of certain of these properties, as will hereinafter appear in greater detail.

By agreement dated May 26, 1914, a copy whereof is attached to the petition herein and marked "Exhibit A," Snow Mountain Water and Power Company grants to California Telephone and Light Company the right to use the Snow Mountain Company's right of way for a distance of about one quarter of a mile south of the grantor's substation at Talmage, in Mendocino county, for the purpose of erecting thereon poles and of operating a three-phase, 6600 volt electric transmission line. By the same agreement, the Snow Mountain Company leases to California Telephone and Light Company a small portion of the former company's substation site at Talmage for the purpose of enabling the

lessee to build thereon a substation. The term of the lease is ten years from June 1, 1914, and the annual rental is \$12.00, payable in advance. The purpose of these arrangements is to put California Telephone and Light Company in a position to serve with light and power rural territory in the neighborhood of Talmage.

By agreement dated July 22, 1914, a copy where of is attached to the petition and marked "Exhibit B," Snow Mountain Company agrees to sell to California Telephone and Light Company and the latter company agrees to purchase from the former for the price of \$790.18, the Snow Mountain Company's 2300 volt electric transmission line, extending from the company's hydro-electric plant in the upper end of Potter Valley, in Mendocino county, to its terminus in that portion of the town of Potter Valley which is known as Centerville, together with appurtenances, more particularly described in the petition herein, to which description, as contained in paragraph 6 of the petition, reference is hereby made. Snow Mountain Company also agrees to transfer to California Telephone and Light Company such portion of its franchise in the town of Potter Valley as is necessary for supplying the town and its inhabitants with illuminating light. The purpose of this agreement is to enable the Snow Mountain Company to retire from the business of distributing electric energy in the town of Potter Valley and to enable California Telephone and Light Company to enter upon this business and to serve additional customers in and about the town of Potter Valley. California Telephone and Light Company hopes to be able next year to build into Potter Valley a transmission line from the Talmage substation or to erect a small substation in Potter Valley, so as to take care of the existing business and the new business which the company hopes to develop. California Telephone and Light Company intends to continue the existing rates in Potter Valley, which are 10 cents per K.W.H. for lighting, with a minimum of 50 cents per month. The company hopes, however, to substitute a permanent and uniform service for the present intermittent service and thereafter to apply for authority to increase the

minimum rate to correspond with the improved service.

Both parties have agreed that the fair value of the property in and about Potter Valley to be sold by the Snow Mountain Company to California Telephone and Light Company is the sum of \$790.18. California Telephone and Light Company asks authority to issue in payment for said property, its promissory note, dated July 22, 1914, payable to Snow Mountain Water and Power Company, or order, two years after date, bearing interest at the rate of 6 per cent per annum from date until paid, interest to be payable quarterly.

I find that the public convenience will be served by the proposed arrangement, and recommend that the application be granted.

I submit herewith the following form of order:

O R D E R.

SNOW MOUNTAIN WATER AND POWER COMPANY having applied to the Railroad Commission for an order authorizing the company to convey to California Telephone and Light Company the right to use the former company's right of way from its station at Talmage, in Mendocino county, a distance of about one quarter of a mile southerly and to lease to California Telephone and Light Company a portion of its substation site at Talmage, all in accordance with agreement dated May 26, 1914, between Snow Mountain Water and Power Company and California Telephone and Light Company, a copy of which agreement is attached to the petition herein and marked "Exhibit A"; and Snow Mountain Water and Power Company having applied to the Railroad Commission for an order authorizing said company to sell to California Telephone and Light Company two miles of No. 6 copper wire, constituting a part of the vendor's 2500 volt electric transmission line extending from the latter's hydro-electric power plant in the upper end of Potter Valley, in Mendocino county, to its terminus in that portion of the town of Potter Valley which is known as Centerville, together with appurtenances, and also that portion of the franchise

of the grantor in the town of Potter Valley which is necessary to supply the town and the inhabitants thereof with illuminating light, on the terms and conditions set forth in an agreement dated July 22, 1914, a copy whereof is attached to the petition herein and marked "Exhibit B"; and CALIFORNIA TELEPHONE AND LIGHT COMPANY having applied for an order authorizing the issue of the company's promissory note in the principal sum of seven hundred and ninety & 18/100 (790.18) dollars, to be dated July 22, 1914, payable to Snow Mountain Water and Power Company two (2) years after date, to bear interest at the rate of six (6) per cent per annum from date until paid, the interest to be payable quarterly; and a public hearing having been held upon said applications, and the Railroad Commission finding that public convenience and necessity will be served by granting said applications, and that the purposes for which said promissory note is to be issued are not in whole or in part chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that said applications be and the same are hereby granted, provided that with reference to the promissory note to be issued by California Telephone and Light Company, the authority hereby given is subject to the following conditions:

1. California Telephone and Light Company shall report to the Railroad Commission within ten days after the issue of said note the fact of the issue and the terms upon which the note was issued.

2. The authorization hereby given shall not become effective with reference to said promissory note until California Telephone and Light Company has paid the fee prescribed by Section 57 of the Public Utilities Act, as amended.

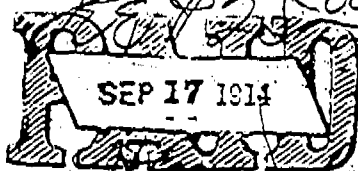
3. The authorization hereby given shall apply only to such promissory note as may be issued on or before November 1, 1914.

The foregoing Opinion and order are hereby approved and

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

Dated at San Francisco, California, this 15th day  
of September, 1914.

Railroad Commission, State of California



BY W. J. Maxson  
Assistant Secretary.

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H. D. Boydland

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W. G. Gordon

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Max Thelen

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Commissioners.