

CR.

Decision No. \_\_\_\_\_.

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

Decision No. 3216

ORIGINAL

In the matter of the application of W. F. WHITTIER, residing at the City and County of San Francisco, State of California, and doing business as an electrical corporation at Hemet, in said State, under the fictitious name or title of HEMET MILLING AND POWER COMPANY, an electrical corporation, and THE SOUTHERN SIERRAS POWER COMPANY, an electrical corporation, for an order authorizing the sale and transfer by the said W. F. Whittier to The Southern Sierras Power Company of a certain electrical plant or system and personal property at Hemet, in the County of Riverside, State of California.

Application

No. 2106.

John M. Clayton for Hemet Milling and Power Company.

I. B. Potter for The Southern Sierras Power Company.

BY THE COMMISSION.

O P I N I O N

Applicants herein are two public service corporations, each engaged in supplying electrical current in the City of Hemet, Riverside County, California. They have entered into an agreement subject to the ap-

proval of this Commission and join in this application for the sale of the public utility property of the Hemet Milling and Power Company to The Southern Sierras Power Company.

The reasons upon the part of the applicants for entering into the proposed sale and purchase of said property are as follows:

The Southern Sierras Power Company is operated in the City of Hemet under a franchise granted by the municipal authorities thereof; the Hemet service thus conducted by The Southern Sierras Power Company is a part of its entire system, running through the various towns and other parts of Riverside County; the public utility properties of the applicant Hemet Milling and Power Company in said town are confined to a comparatively small district within said city. Some years ago W. F. Whittier, the owner of Hemet Milling and Power Company, operated a mill at Hemet and in connection therewith he installed certain electrical equipment in the form of a small generator, used in connection with the operation of that mill. There was at that time no other electric utility available in that locality, in consequence of which fact Mr. Whittier began to dispose of electric current in a limited quantity to other consumers living in the immediate locality. It was never the intention of Hemet Milling and Power Company, or its owner, to engage in the business of an electric utility, except in so far as it was possible for its owner to accommodate his friends and neighbors from the generator which he had installed.

Since the installation of The Southern Sierras Power Company's lines in Hemet, most of the residents of Hemet have taken electric current from that company and have received it at a rate less than the Hemet Milling and Power Company can furnish the same.

The presence of the two companies at Hemet has resulted in a duplication of electric utility equipment in a community which is unable at the present time to support two electric utilities.

At the public hearing held in Riverside on the 10th day of March, 1916, a valuation of the properties proposed to be sold was introduced by applicant The Southern Sierras Power Company. That valuation may be summarized as follows:

Reproduction cost of distribution property .....	\$7,768.84
Loss in value, due to depreciation and duplication .....	<u>\$3,490.00</u>
Reproduction cost less loss due to depreciation and duplication .....	\$4,278.00

These figures have been checked by the engineers of the Gas and Electric Department of the Commission and the same net result arrived at by them.

Under the terms of the agreement of sale entered into by and between the applicants herein, payment of said purchase price is desired to be made as follows:

In cash upon entry of an order by the  
Railroad Commission approving and per-  
mitting the sale ..... \$1,678.00

Promissory note of The Southern Sier-  
ras Power Company to the order of W.  
F. Whittier, due one year from its  
date, interest at six per cent. .... \$1,300.00

Promissory note of The Southern Sier-  
ras Power Company to the order of W.  
F. Whittier, due two years from its  
date, interest at six per cent. .... \$1,300.00

Total ..... \$4,278.00

Authority from this Commission to issue the  
note payable in one year is not required.

Annual reports filed with the Commission by  
Hemet Milling and Power Company show earnings for this  
system as follows:

For the year 1915.

Operating revenues .....	\$3,423.58
Operating expenses other than depre- ciation .....	<u>\$2,785.10</u>
Net operating revenue .....	\$ 638.48

The operating expenses of The Southern Sierras  
Power Company will not be greatly increased by the addi-  
tion of this business, as it now operates almost a dupli-  
cate system. On the contrary, a considerable saving  
should result.

After a consideration of the evidence submit-  
ted by the applicants, we are of the opinion that this

application should be granted.

ORDER

W. F. WHITTIER, doing business under the fictitious name and style of HEMET MILLING AND POWER COMPANY, having applied to this Commission for authority to sell certain electric utility property to The Southern Sierras Power Company, a corporation, and the latter company having applied for authority to acquire said property, and to issue notes, as hereinabove set forth,

And a public hearing having been held in this matter, and it appearing to this Commission that applicants' request is reasonable and should be granted, and that the purposes for which it is proposed to issue said notes are not reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that W. F. WHITTIER, doing business under the fictitious name and style of HEMET MILLING AND POWER COMPANY, be, and he is hereby, authorized to transfer to The Southern Sierras Power Company the electric light system now owned and operated by him in Hemet, Riverside County, California, for the sum of Four Thousand Two Hundred and Seventy-

eight (\$4,278.) Dollars, which said property is more fully described in Exhibit "A", attached to this Order and made a part hereof;

IT IS FURTHER ORDERED that THE SOUTHERN SIERRAS POWER COMPANY, a corporation, be, and it is hereby, authorized to issue to W. F. Whittier, as part payment therefor, its promissory note in the sum of Thirteen Hundred (\$1,300.) Dollars, with interest at six (6%) per cent. per annum, payable two (2) years from date of the making of said note.

The order herein made is granted upon the following conditions, and not otherwise, to wit:

1. The purchase price of the property herein authorized to be transferred shall not hereafter be binding upon this Commission or any other public body as representing the real value of said property for rate fixing or other purposes.

2. The authority given to issue promissory notes shall apply only to such promissory notes as may be issued prior to May 1, 1916.

3. The authority hereby given to issue promissory notes shall not become effective until The Southern Sierras Power Company has paid the fee specified in Section 57, as amended, of the Public Utilities Act.

4. The Southern Sierras Power Company, a corporation, shall report to the Commission within fifteen (15) days after the issue of the note hereby

authorized to be issued, the fact of the issue of  
the note and the terms and conditions thereof.

Dated at San Francisco, California, this ~~30th~~ 31st  
day of March, 1916.

Man Thelen  
A. J. Loveland  
Alex Gordon  
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\_\_\_\_\_

Railroad Commission, State of California

John P. Stov  
MAY 8 1916  
J. C. Macchewan  
BY \_\_\_\_\_  
Assistant Secretary.

Commissioners.

EXHIBIT "A"

All of the materials, supplies, poles, fixtures, over-head system, (insulators and wires), underground conduits, line transformers and devices, electric services, meters, municipal street lighting system, miscellaneous general equipment and franchise rights and rights of way, now and heretofore used by W. F. Whittier (doing business under the title of Hemet Milling and Power Company) in his business as an electrical corporation within the City of Hemet. This sale and transfer does not include any real estate nor the engine, boilers, electric generator, switch-board and switch-board equipment heretofore used by said W. F. Whittier in his said business as an electrical corporation.