

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
SIERRA AND SAN FRANCISCO POWER COMPANY
and GOLD MOUNTAIN WATER COMPANY for an
order approving the purchase by the
Sierra and San Francisco Power Company
of all the property of Gold Mountain
Water Company.
.....

Application No. 300.

Alm
WARREN GREGORY for Sierra and San Francisco Power Company.
F. W. Street for Gold Mountain Water Company.

LOVELAND, Commissioner.

O P I N I O N.

It developed at the hearing of this application that the Gold Mountain Water Company was organized many years ago to furnish water to the City of Sonora, Tuolumne County;

That the Company gets its water from several springs, the title to the land upon which said springs are located having been acquired by purchase at different times from miners who had filed water rights.

The Company has never asked for or received a franchise from the City of Sonora, depending upon constitutional rights acquired by long use.

The entire stock of the Company is owned by Mrs. R. Ferguson, with the exception of four shares which stand in the name of her children, to qualify them as directors, and as she does not desire to make further investment in extensions, she desires to sell to the Sierra and San Francisco Power Company, which Company will apply to the city of Sonora for franchise for necessary extensions and increase and better the service to the advantage of the residents and water users of said City of Sonora.

The financial condition of the Sierra and San Francisco Power Company was stated in the pleadings and supported by testimony at the hearing, as follows:

(a). The total amount of its authorized capital stock is \$20,000,000, divided into 200,000 shares of the par value of \$100 each. That all of said capital stock is common stock, but the same may by a vote of the majority in amount thereof be classified as preferred and common shares, upon such terms and conditions as a majority of the stockholders may agree upon.

(b). That all of the aforesaid capital stock is issued and outstanding.

(c). A brief description of all mortgages upon the property of the Sierra and San Francisco Power Company is as follows, to-wit:

1st. A supplemental first mortgage dated July 27, 1910, supplementing and amending a first mortgage dated August 31, 1909, to secure a present authorized issue of \$10,500,000 face amount of 5% forty year gold bonds maturing August 1, 1949, which bonds are subject by the terms of said supplemental mortgage to be increased to \$30,000,000.

2nd. A supplemental indenture of second mortgage dated July 27, 1910, supplementing and amending a second mortgage dated August 31, 1909, to secure \$1,000,000 of second mortgage 6% bonds Series "A" and \$8,500,000 5% bonds, Series "B".

That of the aforesaid bonds the following are outstanding:

Of the said first mortgage \$6,500,000 in face amount;

Of the second mortgage Series "A" \$900,000;

Of the second mortgage Series "B" \$8,500,000.

(d). That the Sierra and San Francisco Power Company has a floating and unsecured indebtedness for current expenses not exceeding \$200,000 at the date hereof.

(c). That the Sierra and San Francisco Power Company has paid interest upon its outstanding bonds during the present fiscal year in the sum of \$363,149. That it has not paid any dividends upon its capital stock. A statement of its earnings and expenditures showing its condition at the close of the last fiscal year was filed with the pleadings and marked Exhibit "B".

Applicant, the Sierra & San Francisco Power Company, testified that it could not state the value of its property exactly but that the valuation was being made and in its opinion it would be in the neighborhood of \$27,500,000.00.

The application also sets forth the financial condition of the Gold Mountain Water Company, as follows: which was supported by testimony.

(a) The amount and kind of stock authorized is \$100,000 divided into 500 shares of the par value of \$200 each, all of which is authorized and outstanding.

(b) That all of said stock is common stock.

(c) The Gold Mountain Water Company has indebtedness as follows: A certain mortgage given to Pietro Guizo to secure a note for the sum of \$3500 and small sums for current expenses not exceeding \$500; that it has never issued any bonds.

(d) That the amount of interest paid by said company during the previous fiscal year is \$175, the rate being 5% per annum on the mortgage above referred to, \$35,000.

(e) That no dividends as such have been declared upon the capital stock of said company during the previous five fiscal years for the reason as before stated, that Mrs. R. Ferguson is the sole owner and has from time to time received from said corporation any surplus that might then exist without any formal dividends having been declared; that the company is at present unable to state the exact amount of such surplus so distributed but estimates that it has approximately \$2000 per year during the said period of five years.

Said Gold Mountain Water Company presents ^{herewith} a detailed statement of its earnings and expenditures for the last fiscal year marked

Exhibit "C".

The property of said Gold Mountain Water Company consists of certain lots of land in the City of Sonora specifically described as lots 25 and 26 in Block 50; lot 29 in block 29; lots 14, 21 and 36 in block 51, as per the official plat of said city on file in the Recorder's office of Tuolumne County; also certain lots at Browns Flat in said county designated as lots 16, 19, 21, 29, 36, 41, 42, 43, 44, 45 and 50, as per the plat of Browns Flat Mining Association Tract, on file in the office of the County Clerk of said County of Tuolumne; and also certain springs, reservoirs, ditches, flumes, pipe lines, pumps, machinery and appliances, used by Gold Mountain Water Company in supplying water to the City of Sonora and its inhabitants.

Applicants claim that the property for which permission to transfer is asked is fairly and reasonably worth the sum to be paid therefor, to wit: \$27,500.

Applicants allege that the Gold Mountain Water Company desires to sell said property for the reason that the owner, Mrs. R. Ferguson, finds it burdensome to give the requisite care and attention to the management of the said company and that the Sierra and San Francisco Power Company desires to purchase said property for the reason that it can advantageously manage the same in connection with its other plants in the said County of Tuolumne, the other plants of said Sierra and San Francisco Power Company in said County being devoted to the sale and distribution of water throughout said County of Tuolumne for irrigation, mining and domestic purposes.

Mr. A. L. Cowell, Executive Secretary Irrigation Districts Association of California, appeared at the hearing in the interests of certain irrigation districts on the Tuolumne and Stanislaus Rivers and stated to the Commission that if the Sierra and San Francisco Power Company contemplated a different and more extended service than had been given by the Gold Mountain

Water Company, such service might be found to interfere with the rights of irrigation districts, the idea being that water which is not now used by the Gold Mountain Water Company, which runs into the Tuolumne and Stanislaus Rivers, might be diverted by the Sierra and San Francisco Power Company in its future operations of the plant of the Gold Mountain Water Company.

The testimony showed, however, that the water supply of the Gold Mountain Water Company was derived from springs, no water from which flowed over the surface of the ground and that the only waters which could be thus diverted are the waters of Wood Creek used only as motive power to run a wheel to pump the waters of said springs; that after said waters of Wood Creek have furnished power for the wheel they run on ⁱⁿ their natural course without any further interference by the Gold Mountain Water Company.

The Sierra and San Francisco Power Company testified that its application is to purchase only such rights as the Gold Mountain Water Company possesses.

Applicants testified that the people of the City of Sonora were anxious that the transfer should be made and presented certificate of publication of the notice of the hearing of said application in two weekly papers published in Sonora.

I find that it will be to the interests of the residents and water users now supplied by the Gold Mountain Water Company to grant the application and submit the following Order.

O R D E R.

The Sierra and San Francisco Power Company having applied for permission to purchase the distributing plant and real estate of the Gold Mountain Water Company of Sonora, California, and the Gold Mountain Water Company having joined in said application,

AND IT APPEARING, as set forth in the preceding opinion, that the best interests of all concerned will be served by granting the application, and that public convenience and necessity will be served thereby,

IT IS HEREBY ORDERED, that the Sierra and San Francisco Power Company be and it is hereby authorized to purchase, and the Gold Mountain Water Company be and it is hereby authorized to sell to said Sierra and San Francisco Power Company its water distributing plant and real estate in Tuolumne County consisting of Lots 25, and 26 in Block 50, lot 29 in Block 29; Lots 14, 21 and 36 in Block 51, as per the official plat of said city on file in the Recorder's Office of Tuolumne County; also certain lots at Browns Flat in said county designated as lots 16, 19, 21, 29, 36, 41, 42, 43, 44, 45 and 50, as per the plat of Browns Flat Mining Association Tract, on file in the office of the County Clerk of said County of Tuolumne; and also certain springs, reservoirs, ditches, flumes, pipe lines, pumps, machinery and appliances, for the sum of \$27,500, the said Gold Mountain Water Company to pay its present indebtedness and turn over said property to the Sierra and San Francisco Power Company free of incumbrances.

By granting this application the Railroad Commission of the State of California does not bind itself to accept said price of \$27,500 as the fair and reasonable value of said property for rate fixing purposes, nor does it make finding in this regard.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this 6 day of December, 1912.

John W. Eschman
J. J. Loveland
Edwin A. Edgerton

Commissioners.