

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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ORIGINAL

Decision No. 4021

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In the matter of the Application :  
of REDLANDS, LUGONIA and CRAFTON :  
DOMESTIC WATER COMPANY to sell to :  
the City of Redlands and of said :  
city to purchase a portion of :  
said company's property. :  
.....

Application No. 316.

F. A. Leonard, City Attorney, and C. E. Clock,  
President Board of Trustees, for  
City of Redlands.

S. Williams and E. M. Lyon for Redlands, Lugonia  
and Crafton Domestic Water Company.

TREBLETT, Commissioner.

O P I N I O N

This is a joint application of Redlands, Lugonia and  
Crafton Domestic Water Company, hereinafter called the Water  
Company, to sell and of the City of Redlands to buy the water  
company's pumping plants, reservoirs, distributing system and  
certain real property connected therewith situate within the  
City of Redlands, as said property is more particularly described  
in Schedule B annexed to the application. The water company is to  
retain its shares of stock in the Bear Valley Mutual Water Company,  
entitling it to a flow of some 247 inches of gravity water, and  
certain real estate.

The entire water supply of the City of Redlands has  
hitherto been furnished by the water company and a smaller company  
known as the North Side Water Company, which latter company owns a  
small system costing about \$8,000 and supplying some two hundred  
and fifty people with water. The city is now negotiating for the  
purchase of the North Side Water Company's property.

On May 28, 1912, the city of Redlands voted bonds in the  
amount of \$600,000 for the purpose of acquiring and constructing a

complete water system for the city and its inhabitants. Negotiations were thereupon entered into with the water company looking to the purchase of its plant and distributing system, finally culminating in the agreed price of \$225,000, as specified in the application. All parties to the transaction are satisfied with this price and I am convinced from the testimony that it is not necessary in this case to make an independent detailed investigation into the value of the property.

The city urges as reasons for the purchase that extensions are necessary to develop unserved sections of the city and that the water company is unwilling to make the extensions; that it is necessary to install an adequate fire protection system; and that it would be ruinous to compete with the existing company and far more desirable to buy it out at a reasonable price. The water company urges the same reasons and further its inability to compete with a municipally owned plant. The city expects to sink additional wells on the land now to be acquired, to extend the length of pipe in the distributing system from thirty-five miles to an ultimate total of seventy miles and to install an adequate fire protection system.

The water company serves some thirty families outside of the city limits. In accordance with the usual practice in these cases, the city has filed a duly authorized stipulation providing in effect that the city takes the plant subject to all legal claims for water outstanding against it and stipulating that the city will not raise the point that the transfer of the property to it has served to deprive any of the members of the public of their rights to water from the water company's plant. For more detailed information the stipulation should be read in full.

The city has sold its bonds and will be ready to pay the price agreed upon with the water company shortly after this Commission's authority has been secured.

I am of the opinion that the public convenience will be subserved by the sale as contemplated and recommend that the application be granted.

I submit herewith the following form of order:

O R D E R .

Redlands, Lugonia and Crafton Domestic Water Company and the City of Redlands having filed with this Commission their joint application to sell and to buy that portion of the water company's property, consisting of pumping plants, reservoirs, distributing system and real estate located within the City of Redlands as specified in Schedule B annexed to the application, and a public hearing having been held on said application, and the City of Redlands having filed with this Commission its duly authorized stipulation in writing agreeing that all legal claims for water which may be enforced against the water company may be enforced against the city and that the city will not in any proceeding urge the point that the mere transfer of the property has served to change its legal status with reference to its public duties and charges, and the Railroad Commission finding that public convenience and necessity would be subserved by the sale and purchase of said property for the terms and on the conditions specified in the application.

IT IS HEREBY ORDERED that said application be and the same is hereby granted.

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 8th day of January, 1913.

John M. Cullen  
W. J. Toland  
W. J. Toland  
Max Shelen  
Edward D. Egerton