

GEM

ORIGINAL

Decision No. 4506

Decision No. _____.

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the Matter of the Application)	
of HEMET - SAN JACINTO GAS COMPANY,)	
a corporation, for authority to)	
sell, and of SOUTHWESTERN GAS COM-)	
PANY for authority to purchase a)	Application
certain gas plant and distribution)	No. 2939.
system situated in the cities of)	
Hemet and San Jacinto, Riverside)	
County.)	

W. C. Fetchner for Applicants.

LOVELAND, Commissioner.

O P I N I O N

In its amended petition, HEMET-SAN JACINTO GAS COMPANY asks authority to sell its properties described in Exhibit 1, attached hereto, subject to a bonded indebtedness of \$25,000.00, to SOUTHWESTERN GAS COMPANY in exchange for such an amount of stock of the purchasing company as may represent the equitable value of the properties.

Southwestern Gas Company asks the Commission to issue its order declaring that public convenience and necessity will require it to exercise rights and privileges which it proposes to acquire under franchises to be secured from the cities of Hemet and San Jacinto.

Hemet-San Jacinto Gas Company was organized in March, 1906, for the purpose of acquiring the gas properties of the Western Construction Company. It issued in exchange for these properties \$69,000.00 par value of its capital stock and \$22,000.00 face value of its first mortgage 20-year 6% bonds. In January, 1913, the company levied a 10% assessment upon its stockholders, with the result that stock in the amount of \$26,122.00 was re-acquired by the company because of the failure of the holders thereof to pay the assessment, leaving \$42,878.00 stock outstanding.

For the years 1914, 1915 and 1916, Hemet-San Jacinto Gas Company has reported revenues and expenses to this Commission as follows:

Items	1914	1915	1916
Operating Revenue	\$ 9,441.89	\$ 10,268.93	\$ 9,428.18
Operating Expenses	7,577.77	7,513.82	7,458.14
Net Operating Revenue	<u>1,864.12</u>	<u>2,755.11</u>	<u>1,970.04</u>
<u>Deductions:</u>			
Uncollectible Bills	---	110.25	64.15
Interest Expenses	118.89	---	40.25
Miscellaneous	---	125.40	---
Int. on Funded Debt	1,500.00	1,500.00	1,500.00
Int. on Other Debt	---	154.40	---
Total Deductions	\$ <u>1,618.89</u>	\$ <u>1,890.05</u>	\$ <u>1,604.40</u>
Surplus for year from operations	\$ 245.23	\$ 865.06	\$ 365.64

On December 31, 1916, Hemet-San Jacinto Gas Company reported assets and liabilities to the Railroad Commission as follows:

ASSETS:

Fixed Capital	\$42,169.42
Cash and Deposits	276.62
Accounts Receivable	1,659.69
Materials and Supplies	1,045.15
Discount on Stock	38,753.62
Discount on Bonds	525.00
Corporate Deficit	<u>4,818.46</u>
Total Assets	\$89,247.96

LIABILITIES:

Capital Stock	\$42,878.00
Funded Debt	25,000.00
Notes payable	200.00
Consumers' Deposits	2.00
Accounts Payable	6,744.10
Interest Accrued	3,180.00
Appreciation of Fixed Capital	7,036.09
Assessment	<u>4,207.77</u>
Total Liabilities	\$89,247.96

In Exhibit No. 4 attached to this application, the reproduction cost new of the properties is reported at \$44,967.47. F. C. Millard, consulting engineer, testified that in his opinion the properties were in about a 90 per cent. condition, which would give a reproduction cost less depreciation of \$40,470.23. Deducting from this the \$25,000.00 outstanding bonded indebtedness which will be assumed by the purchasing company, will leave an equity of \$15,470.00 for the stockholders.

In exchange for this equity, I believe Southwestern Gas Company should be permitted to issue \$15,470.00 par value of its capital stock. It was testified that when this stock is distributed amongst the stockholders of Hemet-San Jacinto Gas Company that it would be distributed on a pro rata basis.

The agreement of sale provides that the properties are to be transferred to the Southwestern Gas Company free

of all encumbrances except the bonded debt of \$25,000. The testimony shows that the principal stockholders and the bondholders have agreed amongst themselves to pay all current indebtedness amounting to approximately \$10,500.00. It is a satisfaction to find the stockholders and bondholders of this utility co-operating in this manner to establish the credit of the utility.

I herewith submit the following form of order:

O R D E R

HEMET-SAN JACINTO GAS COMPANY having applied to the Railroad Commission for authority to sell its properties described in Exhibit "I", attached hereto, to the SOUTHWESTERN GAS COMPANY, and SOUTHWESTERN GAS COMPANY having applied to the Railroad Commission for an order declaring that public convenience and necessity will require it to exercise the rights and privileges to be obtained under franchises to be acquired from the cities of Hemet and San Jacinto, Riverside County.

And a public hearing having been held and it appearing to the Commission that this application should be granted,

IT IS HEREBY ORDERED that Hemet-San Jacinto Gas Company be, and it is hereby, granted authority to transfer its properties described in Exhibit "I" attached hereto, subject to a bonded indebtedness of \$25,000.00, to Southwestern Gas Company in exchange for \$15,470.00 par value of capital stock, and that Southwestern Gas Company be permitted to acquire said properties.

IT IS HEREBY FURTHER ORDERED that the Railroad Commission will, upon application, upon such terms and

conditions as to it seem proper, issue a certificate declaring that public convenience and necessity require the exercise by Southwestern Gas Company of the rights and privileges granted to it by the cities of Hemet and San Jacinto by franchises which have been applied for but not yet secured.

The authority hereby granted is granted subject to the following conditions, and not otherwise:

1.- The price at which the properties hereby authorized to be sold shall not be binding upon this Commission, or any other public body, as a measure of value for rate-fixing, or any other purpose, except those comprehended in this order.

2.- Before exercising any of the rights and privileges under franchises to be obtained from the cities of Hemet and San Jacinto, the Southwestern Gas Company shall file with this Commission a copy of said franchises, and a stipulation duly authorized by its Board of Directors, declaring that Southwestern Gas Company, its successors and assigns, will never claim before the Railroad Commission, or any court or other public body, a value for said rights and privileges in excess of the actual cost to Southwestern Gas Company of acquiring said rights and privileges, which cost is to be set forth in the stipulation, and shall have received from the Railroad Commission a supplemental order declaring that such stipulation in form satisfactory to the Railroad Commission has been filed with the Railroad Commission.

3.- The authority hereby granted to transfer the aforesaid properties shall apply only to such properties as shall be transferred on or before December 31, 1917.

The foregoing Opinion and Order are hereby ap-

proved and ordered filed as the Opinion and Order of
the Railroad Commission of the State of California.

Dated at San Francisco, California, this 1st
day of August, 1917.

Howard
W. Gordon
Edwin O. Edgerton

Commissioners.

EXHIBIT "I"

The properties which Hemet-San Jacinto Gas Company may sell pursuant to the authority granted by the foregoing Opinion and Order consist of the following:

1. One square acre in, and being the northwest corner of Lot 1, Block 138 of the 3000 acre Francisco Estudillo Tract, according to that certain Map of said tract and the lands of the Hemet Land Company recorded in Book 1 of Maps, at page 14 thereof, Records of Riverside County, California; described by metes and bounds as follows:

Commencing at the intersection of the right of way of the Southern California Railway Company with the south line of Oakland Avenue, if extended; thence east along said south line 208.71 feet, and extending back southwardly between parallel lines 208.71 feet.

2. Lot 10 in Block 2 of "B.J. Inwall's Subdivision of Lots 2 and 3 in Block 24, San Jacinto" in the City of San Jacinto, County of Riverside, and State of California, according to the Map thereof, No. 107 on file in the office of the County Recorder of San Diego County, California.

Together with the certain personal property situated upon said real property first above described, that is, in paragraph 1 hereinbefore, (being said square acre), which said personal property is described as follows, to-wit:

1 oil gas set, consisting of crude oil gas machine (western type), generator, superheater, wash box, two scrubbers, including seal pot, steam water, oil and gas piping, complete; 1 crude oil gas machine (straight shot type), together with generator, including steam, water, oil and gas piping complete; 1 - 15 H.P. return tubular boiler with all fittings, piping and appurtenances; 1-7½ H.P. vertical engine, including all fittings, piping and appurtenances; 2 Worthington oil pumps; 1 boiler water ejector, and pitcher pumps, including all fittings, piping, shafting, belting, pulleys, and all other appurtenances; 1 compressor, horizontal steam drive, including all fittings, piping, and appurtenances; 1 Sturtevant air blower, and 1 Sturtevant gas blower; 1 Union Oil meter (Horizontal dial), including piping and fittings; 1 coil water heater

including coil, installation and appurtenances and 1 water heater 7 ft. 12 in. o.d. pipe, together with all flanges, piping, fittings, fixtures and appurtenances; 1 coil tank heater in oil feed tank; Oxide floor for spreading purifier material; 1 galvanized iron drum oil tank, 50 gals.; 1 galvanized iron tank, 60 gals.; 1 galvanized iron tank, 400 gals.; 1 steel oil tank, 11013 gals.; 2 gasoline "line-feed" tanks, including all piping and installation and appurtenances; 1 steel tank single lift gasometer, 10,000 cu. ft., together with all installation, piping and appurtenances; 2 sheet steel 2-tray purifying sets, including connections, installations, fittings, piping, and all appurtenances; carbon infiltration system, being one wood pit, with iron lift and chain block raising device; and 1 2-partition water pit, all complete, and with all installation, fixtures, piping and appurtenances; all foundations and floorings of whatever material, for machinery or otherwise; all tools of every character upon, about or used in connection with the above described machinery, or devices, or upon said premises; 28 feet galvanized iron pipe blast lines, with all valves and appurtenances.

Steam lines as follows: 20 ft. of $\frac{1}{2}$ in. pipe, 52 ft. of $\frac{3}{4}$ in. pipe, 240 ft. of 1 in. pipe, 28 ft. of $1\frac{1}{2}$ in. pipe, 50 ft. of 2 in. pipe, 100 ft. of 2 in. pipe, 24 ft. of $\frac{3}{4}$ in. pipe, 23 ft. of $1\frac{1}{2}$ in. asbestos pipe covering, 30 ft. of 1 in. asbestos pipe covering, 8 ft. of $\frac{3}{4}$ in. asbestos pipe covering, 10 ft. of $\frac{1}{2}$ in. asbestos pipe covering, with all fittings, installations and appurtenances, whatsoever; the following water lines: 50 ft. of $\frac{3}{8}$ in. pipe, 200 ft. of $\frac{3}{4}$ in. pipe, 50 ft. of 1 in. pipe, 122 ft. of 2 in. pipe, 121 ft. of 2 in. pipe, 18 ft. of $1\frac{1}{2}$ in. pipe, including all fittings, fixtures, valves and appurtenances; the following oil lines: 32 ft. of $\frac{1}{2}$ in. pipe, 56 ft. of $\frac{3}{4}$ in. pipe, 385 ft. of 2 in. pipe, 110 ft. of 2 in. pipe, 89 ft. of 3 in. o.d. casing, 32 ft. of 1 in. pipe, 20 ft. of 1 in. pipe, including all fittings, installation and appurtenances; the following gas lines: 52 ft. of $\frac{1}{2}$ in. pipe, 111 ft. of $\frac{3}{4}$ in. pipe, 285 ft. of 2 in. pipe, 181 ft. of o.d. casing, with all fittings, installations and appurtenances; drains: 33 ft. red-wood flume and 27 ft. concrete ditch; oil heater: 1 coil oil heater; 7 ft. 6 in. standard pipe, with 1 6 in. Flange U, 1 6 in. plug and coupling, together with all piping, fixtures, fittings and appurtenances; 1 large oil lubricator, 5 ft. 6 in. standard pipe, together with all fittings, piping, fixtures, valves and appurtenances; 25 ft. 1 in. standard pipe feed line from water heater to boiler; on carbon infiltration system, 40 ft. 3 in. o.d. casing, 30 ft. 12 in. pine flume, and 1 cement pit; 50 gas meters; all tools, supplies, piping, valves, fittings, fixtures, implements, and all other personal property of whatsoever character, nature or use upon said premises.

Together also with all personal property situated upon said Lot 10 in the foregoing paragraph 2 hereof described, and which said personal property is described as follows, to-wit:

1 steel tank single lift gasometer, capacity 10,000 cu. ft., together with installation, piping, fittings and appurtenances.

Together with other personal property described and situated as follows:

Gas mains placed and now existing under the streets, alleys, and ways of the City of Hemet, Riverside County, California, and being: 29,179 ft. of 2 in. standard black pipe; 2950 feet o.d. casing, 3 in., 600 ft. o.d. casing, 4 in.; 1,848 ft. o.d. casing, 6 in.; 12,408 ft. gas mains, located under the certain street, land and ways described as follows: Beginning on the one acre tract contained in the first description hereinbefore, and running thence on, along and under Oakland Avenue to Santa Fe Avenue, thence on Santa Fe Avenue to First Street, in the Town of San Jacinto, thence, easterly on First Street to Estudillo Street, and thence to the gas holder on said Lot 10 in said Town of San Jacinto, being said real property secondly above described; gas mains situated in the Town of San Jacinto, other than above described, on, along and under streets, alleys, and ways therein, and being 18,300 ft. standard black pipe, 2 in. 1684 o.d. casing, 3 in.; service mains all connected with the above gas mains, and extending thence to the curb or property line of consumers of gas, and being 15,280 ft. of 1 in. standard black pipe, including 310 meters connected with said service piping and upon the premises of the consumers supplied thereby. Including all piping whether mains or service piping and meters connected therewith, together with all fittings and fixtures, not hereinbefore specially described, but which are attached to, or a part of said gas distribution system above described and referred to, whether herein specifically mentioned as additions thereto or extensions thereof, or whether in fact connected thereto and therewith, but not herein specially described; and including likewise all lamps of whatever character installed for use of customers of first party and connected to or with its said distribution system, whether hereinbefore specially described or otherwise.

Including the following personal property on the premises known as 107 Harvard Street in said City of Hemet, California, the same being the office as well as the storehouse for supplies of first party: and being all of the office furniture, supplies and fixtures in said building devoted to office use, together with all other supplies therein, being fittings, fixtures and parts for repairs, or extensions of said gas mains, service piping, meters and other parts of said gas distribution system, and all tools, equipment, devices, and appliances upon or about said square acre, said Lot 10; or said 107 Harvard Street, or elsewhere; together also with 1 Maxwell 2 cylinder small truck, and 1 - 400 gallon oil tank wagon. Including in this conveyance and transfer to second party, (Southwestern Gas Company) all personal property of whatsoever character, and wherever situated, belonging to first party, (Hemet-San Jacinto Gas Company) together with all franchises and franchise rights.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any wise appertaining with the remainders and reversions appurtenant thereto.