

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

Decision No. 580

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In the matter of the application :
of the BARSTOW UTILITY COMPANY, a :
corporation, and of the SOUTHERN :
SIERRAS POWER COMPANY, a corpora- :
tion, for an order authorizing the :
sale and transfer by the said :
BARSTOW UTILITY COMPANY to the :
SOUTHERN SIERRAS POWER COMPANY, of :
a certain electric plant or system :
and property at Barstow, San Bernar- :
dino County, State of California. :
.....

Application No. 371

- I. B. Potter, representing the Southern Sierras Power Company,
- W. W. Erison, representing the Barstow Utility Company.

GORDON, Commissioner:

O P I N I O N .

The approval of this Commission is asked herein, under Section 51 (a) of the Public Utilities Act, to the sale, by the Barstow Utility Company and the purchase by the Southern Sierras Power Company, of an electric lighting plant and system owned and operated by the former company in the unincorporated town of Barstow, San Bernardino County, California.

The Barstow Utility Company carries on principally the business of manufacturing and selling ice. In connection with its ice business, and at the request of some commercial houses in Barstow, it installed, about 1910, a small electrical generator and since then has undertaken, in a moderate way, and wholly incidental to its main business, to supply electricity in the town, chiefly for lighting purposes. With the growth of the community, the demands for electricity have increased well beyond the capacity of the plant. Without enlarging its electrical generating and distributing system, the company finds itself

now unable to comply with requests for some sixty additional residential installations. Its plant at present is overloaded and because of this condition complaint has been made by residents of the town during the past year because of the unsatisfactory service. The company states that the expense of maintaining the electrical end of its business is much greater in proportion to the receipts than the expense of caring for the ice business in which latter business the reasonable returns are more satisfactory. It does not desire to continue in the electrical business, nor to make the improvements and extensions necessary to the furnishing of adequate and satisfactory service and has concluded negotiations with the Southern Sierras Power Company for the transfer of the plant and system.

The Southern Sierras Power Company is now completing an electric system extending from an hydro-electric power source on Bishop Creek, Inyo County, southerly through said county and the counties of San Bernardino and Riverside to various points of distribution. It is the intention and the desire of this company later to extend its lines to the town of Barstow for the market which there and at points between will be afforded for a portion of the electric current generated at its plants.

Pending the construction of its lines to Barstow, the company is prepared to install, and agrees so to do in the contract of sale, all equipment and machinery at Barstow necessary to properly and adequately supply the demands and needs of the inhabitants.

A copy of the contract of sale, proposed to be executed between the parties, is filed with the petition, wherein it appears that, for a period of not to exceed two years, the vendor company is to act in the capacity of general manager of the property in question, is to conduct the business in behalf of the purchasing company and, at its own expense, is to make plant readjustments to facilitate the installation of new machinery. The agreed consideration for the sale and transfer is \$7,000.00, in payment of which the purchasing company does not propose or intend to issue

any stock or bonds or other evidences of indebtedness to the Utility Company.

A public hearing in the matter was held February 6, 1913, at San Bernardino. No one appeared in opposition to the granting of the application. The proceedings disclosed that a portion only of the consideration to be paid is for the properties, tangible and intangible, to be transferred and that the balance of the consideration is to cover prospective expenses and estimated operation losses to be incurred by the vendor company for the period during which it will act as agent for the purchasing company in caring for and managing the plant and business.

I am of the opinion that the proposed transfer will result in a distinct benefit to the public service in that it is proposed and agreed, on the part of the purchasing company, to install new and improved machinery, changing the electric system from an old direct current system to an up-to-date alternating current system, and to extend the distributing lines and maintain same in an improved and more substantial condition. This should result in adequate and satisfactory service, not only to the residents of the town now being supplied, but to all other inhabitants of the town desiring the same. For these reasons, I recommend that the application be granted with the distinct understanding, however, that the consideration to be paid shall not be taken as representing for rate fixing or other purposes the present value of the property to be transferred.

I submit herewith the following form of Order:-

O R D E R .

The Barstow Utility Company having applied for permission to sell, and the Southern Sierras Power Company having applied for permission to purchase, for the sum of \$7,000.00, the entire plant and equipment used by the Barstow Utility Company in the business of supplying electric current for light, heat, power and other purposes at the town of Barstow, San Bernardino County, State of Cali-

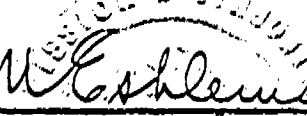
fornia, as is more particularly set forth in the agreement of sale entered into by the parties to this proceeding and attached to the application in this proceeding and marked "Exhibit B"; and the Commission being of the opinion that the needs of the public at and in the vicinity of the town of Barstow will be subserved by the granting of this application,

IT IS HEREBY ORDERED: That the Barstow Utility Company be and the same hereby is authorized to sell, and that the Southern Sierras Power Company be and the same hereby is authorized to purchase, for the sum of \$7,000.00, the entire plant and equipment of the Barstow Utility Company, used in its business of supplying electric current for light, heat, power and other purposes at the town of Barstow, San Bernardino County, California, upon the following condition and not otherwise, to-wit:-

The consideration of \$7,000.00 which the Southern Sierras Power Company is herein authorized to pay for the plant and equipment of the Barstow Utility Company shall not be taken, before this Commission or any other public authority as representing, for rate fixing or other purposes, the present value of the property of the Barstow Utility Company herein authorized to be transferred.

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
April, 1913.


Wm. M. Eshleman
W. H. Boardman
Wm. J. L. ...
...
Commissioners.