

ORIGINAL

Decision No. 6339

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application)
of BARSTOW UTILITY COMPANY, a cor-)
poration, to convey property to)
IMPERIAL UTILITIES CORPORATION) Application No. 3892.
and of the latter corporation to)
issue stock and bonds in payment)
therefor.)

Henry M. Hoyt for Imperial Utilities
Corporation.
C. E. Williams in propria persona.
E. W. Camp by W. M. Reed for The Atchison,
Topeka & Santa Fe Railway Company.

BY THE COMMISSION:

OPINION

Imperial Utilities Corporation by its application seeks authority to issue \$10,000 par value of its capital stock and \$34,000 face value of its first mortgage 6 per cent 25 year gold bonds, being the purchase price of an ice plant owned by Barstow Utility Company, and a proposed contract between the latter company and The Atchison, Topeka & Santa Fe Railway Company under which the Imperial Utilities Corporation as assignee thereof would acquire the Santa Fe Railway Company's water plant serving water in Barstow, San Bernardino County.

A public hearing was held by Examiner Westever upon the application in Los Angeles on August 15th, last, at which evidence then presented was taken, and arrangement made to have the Santa Fe Company as seller join in the application. Its

application herein has now been filed, from which it appears that the contract has been executed as of July 1, 1918. At the hearing Mr. C. E. Williams appeared and sought to have his water system at Barstow included in the transaction. It was arranged that he would also file application, which has more recently been done. Pro-forma order relating to the Williams system can be made without further hearing.

The water plant here in question is owned and operated by The Atchison, Topeka and Santa Fe Railway Company. It was installed for the purpose of providing water for railroad use and incidentally for serving domestic water to its employees. Other consumers have subsequently been added until the plant now has 250 service connections. Its contract with the Barstow Company provides for the construction of wells, a 250,000 gallon reservoir of reinforced concrete or steel, the installation of two pumps with a capacity of 500 and 250 gallons per minute, respectively, a six-inch transmission main to the reservoir and other improvements. A rough estimate of the cost of these improvements supplied since the hearing is \$11,435. The cost new of the water plant as shown by the application was \$9813.08, from which 40% has been deducted for ten years average depreciation on the distributing system, leaving the present depreciated cost as \$7,697.87. The cost to the Barstow Company is stated to be \$3,225.00 payable in water bills. The Santa Fe Company agrees to buy water for a term of fifteen years and to pay for a minimum use of six million gallons per month, and if it should subsequently demand in excess of twenty million gallons per month, then to pay on a minimum use proportionately larger than six million gallons per month. The monthly contract rates per thousand gallons are 6 $\frac{1}{2}$ ¢ up to ten million gallons, 5 $\frac{1}{2}$ ¢ for use from ten million to fifteen million gallons and five cents

for use exceeding fifteen million gallons. These rates are made subject at all times to the lawful orders of the Commission or other regulatory body having jurisdiction. The Santa Fe Company also agrees to assign its contract with Southern Sierras Power Company under which it purchases electric energy for its present pumping plant at Barstow.

The appraisal of the property of the Barstow Company, filed with the application as Exhibit "A" shows a present depreciated value of \$47,923.50 for the ice plant, buildings, icing platform, land, certain building stock, accounts receivable, cash on hand, ice on hand, tools, materials and supplies, organization expense and the said Santa Fe contract for water plant.

The principal reason advanced by the Imperial Utilities Corporation at the hearing for desiring to acquire the ice plant, aside from the opportunity to earn a profit from the ice business, is the opportunity which apparently exists for more economical operation of the water plant in connection with the ice plant and with other water plants operated by it at Monterey Park, near Los Angeles, at Miland and Calipatria in the Imperial Valley, and by Goldfield Consolidated Water Company at Goldfield, Nevada, a plant which is owned and controlled by allied interests.

The present contract for acquiring the ice plant and Santa Fe contract provides as to the \$34,500 of bonds to be issued as part payment; that the Imperial Utilities Corporation will buy back each year \$2,500 par value of its bonds until the \$34,500 in bonds have been purchased and paid for. The net result is a proposed ultimate sale of the property for \$10,000 in stock and \$34,500 cash in annual payment of \$2,500 each.

The present rates discriminate in favor of domestic consumers who are employes of the railroad. Applicant contemplates establishing rates which will eliminate this discrimination. It also expects to install meters and establish metered rates.

The Commission's engineers have made no separate valuation of the properties involved but have checked the appraisal presented by applicant's engineers and found them reasonable.

Under all of the circumstances, the application may properly be granted.

O R D E R

IMPERIAL UTILITIES CORPORATION having applied to the Railroad Commission for authority to issue stock and bonds and BARSTOW UTILITY COMPANY having applied for authority to transfer an ice plant, and The Atchison, Topeka & Santa Fe Railway Company having applied for authority to transfer a water plant, public hearing upon said application having been held, and the Commission being now fully advised and the matter being ready for decision,

IT IS HEREBY ORDERED that Imperial Utilities Corporation be and it is hereby authorized to issue 100 shares of its capital stock of the par value of \$100 per share and \$34,500 face value of its first mortgage 6% 25 year gold bonds, to be known as Series "C", to Barstow Utility Company in full payment for and upon acquiring title to the ice plant owned by said Barstow Utility Company and the water plant operated by The Atchison, Topeka & Santa Fe Railway Company, both of said plants being located at Barstow, San Bernardino County and more particularly described in Exhibit "A" attached to

the application of Barstow Utility Company and the Imperial Utilities Corporation, and including lands described in schedule "A" attached hereto.

IT IS HEREBY FURTHER ORDERED that The Atchison, Topeka & Santa Fe Railway Company be and it is hereby authorized and empowered to convey or cause to be conveyed to Imperial Utilities Corporation the water plant now operated by it at Barstow, California, more particularly described in Exhibit "A" attached to the application herein of Barstow Utility Company and Imperial Utilities Corporation, including 0.4591 acres for reservoir/^{site} described in Schedule A attached hereto.

IT IS HEREBY FURTHER ORDERED that if the parties agree not to pass title to said reservoir site at this time, said Imperial Utilities Corporation shall deduct from the said consideration hereinabove described \$1500 face value of its said bonds, and issue the remainder of said bonds and said stock upon acquiring title to the remainder of the property hereinabove referred to.

The authority herein contained is granted upon the following conditions:

1. This authority applies only to such transfers of title as may be made within 90 days from date hereof.

2. Within 10 days after conveyances have been executed and delivered, Imperial Utilities Corporation shall file with the Railroad Commission verified copies of such conveyances as may be hereafter executed.

3. Nothing herein contained shall be construed by this Commission or any court, tribunal or public body as a finding of the cost or value of any of said property to be transferred, for any purposes other than said transfers.

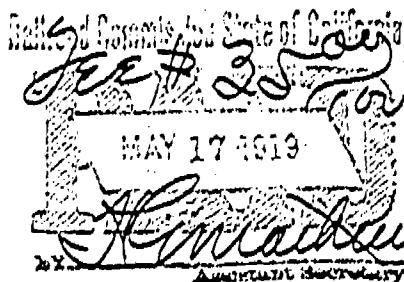
4. The authority herein granted shall not become effective until Imperial Utilities Corporation has filed

with the Railroad Commission a stipulation duly authorized by its Board of Directors declaring that it, its successors and assigns will never claim before the Railroad Commission or other public body having jurisdiction to fix public utility rates any value for said ice plant or any part thereof used exclusively in the manufacture of ice as a rate base or value in any proceeding before the Commission or other public body affecting the said public utility water plant; nor until a supplemental order has been made herein reciting that such stipulation satisfactory in form has been filed in this proceeding.

5. On or before the 25th day of any month during which Imperial Utilities Corporation may issue any stock or bonds herein authorized, it shall file with the Railroad Commission such statements as are required by the Commission's General Order No. 24, which order in so far as applicable is hereby made a part of this order.

6. The authority herein granted shall not become effective until said applicant shall have paid the fee prescribed by the Public Utilities Act.

Dated at San Francisco, California, this 14th
day of May, 1919.



Edwin O. Egan
W. Loveland
Frank Decker
H. H. Brundage
Commissioners.

Schedule "A"

Attached to decision upon Application No. 3892
of Imperial Utilities Corporation, et al.

Lands authorized to be transferred.

Proposed reservoir site containing 0.4591 acres
between 2d and 3d Streets and south of Hutchinson Street
in Barstow, California, more particularly described on
blue print, Exhibit "B", attached to lease between Pacific
Land Improvement Company and Barstow Utility Company,
form of which lease is applicant's Exhibit 2 in Application
No. 3892.

Also the following described property, situate,
lying and being in County of San Bernardino, State of
California, to-wit:

"All of that portion of the Northeast $\frac{1}{4}$ of the
Northeast $\frac{1}{2}$ of Section Six (6) in Township Nine (9)
North of Range One (1) West, San Bernardino Base and
Meridian, described as follows, to-wit:

Beginning at a point North $78^{\circ} 08'$ East three hun-
dred and five (305) feet from the Southeast corner of
the Curtis Lot in Barstow; thence North $78^{\circ} 08'$ East
ninety-five (95) feet; thence North to the right of way
of the Santa Fe Railroad Company; thence northwesterly
along said right of way of the Santa Fe Railroad Com-
pany to a point due north of the point of beginning, thence
south to the point of beginning.

Also all of that portion of the north $\frac{1}{2}$ of the
northeast $\frac{1}{4}$ of said section 6, described as follows, to-
wit:

Commencing at a point which is north $78^{\circ} 08'$ East
two hundred and twenty-five (225) feet from the southeast
corner of the Curtis Lot in Barstow; thence easterly
along the right of way of the Santa Fe Railroad Company
eighty (80) feet; thence north to the right of way of the
Santa Fe Railroad Company; thence westerly along the right
of way of said Santa Fe Railroad Company eighty (80)
feet; thence south to the point of beginning.

Together with the ice plant situate upon the said
premises above described, including all buildings, engines,
boilers, compressors, pumps and machinery of every kind
and character, refrigeration and storage rooms and build-
ings, and all tools and supplies used in connection

therewith, iceing elevator, oil storage tank and
auto truck."