

ORIGINAL

Decision No. 757  
APR 15 6  
not used

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of )  
W. L. Childers for an order autho- )  
rizing him to lease the Crescent )  
City Water Works and give an option )  
therein to purchase to James E. Owen, )  
and by the latter to assign the same )  
to the Mountain Power Company, a )  
corporation. )

Application No. 277

Robert C. Porter representing Mountain Power Company  
James E. Owen in propria persona

EDGERTON, Commissioner.

O P I N I O N

This is an application by Mountain Power Company and  
W. L. Childers for an order authorizing the execution of a lease,  
with option to purchase, whereby a water distributing plant in  
Crescent City, Del Norte County, California, now owned by W. L.  
Childers, is to be leased to Mountain Power Company.

The lease provides for a payment by the Mountain Power  
Company to said Childers of \$50.00 per month, with an option  
running to the power company to purchase the entire plant for  
\$7,500.00, said monthly payments of \$50.00 to be credited on the  
purchase price if the option is exercised. The agreement is to  
run for one year from its date with the privilege of a one year  
extension.

It appears that the Mountain Power Company has estab-  
lished and is now operating a water distributing system in  
Crescent City, and the testimony on behalf of said corporation  
is that the plant owned by Mr. Childers is of no use to said  
power company, and if leased and purchased that it will not be used.  
The power company desires to enter into this agreement because it  
may avoid difficulty with regard to a franchise now held by the

power company, as it is expected to operate under the franchise now held by Childers.

Furthermore, the power company insists that it wishes to be fair with Childers and is willing to pay the \$50.00 a month, and if it exercises the option, the \$7,500.00, rather than put him out of business through competition and destroy the value of his plant.

The power company is willing to write off the monthly payments and if it exercises the option, the purchase price of this plant if this agreement is approved. It is apparent that the power company is in a position to, and undoubtedly will, give the citizens of Crescent City a far better water service than is possible to be given by Mr. Childers as his plant is inadequate and antiquated and he has not the resources with which to rehabilitate it.

Clearly the consumers should not be burdened with the cost, or any part of the cost, of a useless plant, but inasmuch as the company is willing to make this investment upon the understanding that no part thereof shall be charged against consumers, I see no reason why it should not be granted, provided the order contains a provision protecting the consumers against any charge made because of this lease or purchase.

I recommend that the application be granted and submit herewith the following form of order:

### O R D E R

Application having been made to the Railroad Commission of the State of California by W. L. Childers and the Mountain Power Company asking for authorization for W. L. Childers to lease to the Mountain Power Company, with an option to purchase, all of the water producing and distributing system located in Crescent City, Del Norte County, California, now belonging to said W. L. Childers.

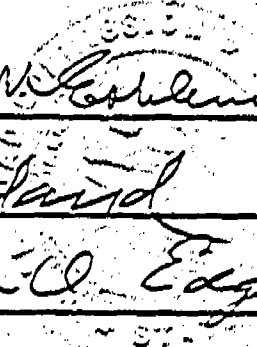
And a hearing having been had and it appearing to the Commission that public interest and convenience will be served by granting said application,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that W. L. Childers and Mountain Power Company are hereby authorized to execute an agreement of lease, and option to purchase, that certain water distributing system together with franchise, more particularly described in a copy of the proposed lease and option on file with the application herein and marked "Exhibit 1", in Crescent City, Del Norte County, California, now owned by said W. L. Childers, said agreement and option to be in substantially the same form as said "Exhibit 1".

Provided, that as a condition to the granting of this order, none of the moneys paid by the Mountain Power Company for the acquisition or lease of the property above described, shall be added to the plant or capital account of said Mountain Power Company. Nor shall such sum or any part thereof be used or considered in fixing rates to be paid by consumers.

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 30th day of June, 1913.

  
John W. Cochran  
Arthur J. ...  
Edwin C. Edgerton  
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Commissioners.