

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of HIRAM S. ROACH, an electrical corporation, and of the Southern Sierras Power Company, an electrical corporation, for an order authorizing the sale and transfer by the said Hiram S. Roach to the said the Southern Sierras Power Company, of a certain electrical plant or system and property at San Jacinto, in the County of Riverside, State of California.

Application No. 26

O P I N I O N

Edgerton, Commissioner.

This is an application joined in by Hiram S. Roach and the Southern Sierras Power Company by which Mr. Roach asks permission to sell and the power company to purchase an electric distributing system in the Town of San Jacinto, County of Riverside, California, for a consideration of \$9500 cash and \$1,000 worth of electric power.

Mr. Roach is sole owner of this electric distributing plant and he is now generating the electricity therefor by a gasoline engine and an electrical generator, the engine and generator not being included in the property to be sold.

It is evident that Mr. Roach has been unable to furnish a twenty-four hour service in San Jacinto and there is strong demand for such service. While he has been able to furnish all customers who applied for service, if the town increases in size to any considerable extent, he would be called upon to increase his plant, which would necessitate the investment of more capital and this, he declares, he is unable to do.

Furthermore, the generation of electricity by such a small plant is more costly than the production of electricity by a hydro-electric plant such as is proposed

to be operated by the Southern Sierras Power Company. And there is no doubt that this power company is in a position to furnish electricity more efficiently and cheaper to the inhabitants of San Jacinto than Mr. Roach is, or will be able to do. It is clear that it is to the advantage of the citizens of San Jacinto that the Southern Sierras Power Company be allowed to take over Mr. Roach's plant and operate it and the only difficulty arises in that it appears from the testimony that Mr. Roach is selling this plant at a considerably advanced price over its cost. He admits to a profit of about \$1900. This price of \$9500. cash, and \$1000. worth of electric power to be delivered later to Mr. Roach by the purchaser is not here found or held to be the real value of said plant.

Apparently part of the consideration moving from Mr. Roach to this company is his agreement to exchange two \$1000 first mortgage bonds to the Lytle Creek Power Company (said Lytle Creek Power Company now belongs to said Southern Sierras Power Company) receiving therefor either \$2000 in cash or two \$1000 first mortgage bonds of the Southern Sierras Power Company and while this latter transaction is apparently only an exchange of bonds or a sale of bonds for cash, still, it is named as part of the consideration for the whole transaction and as there is nothing to show that the Southern Sierras Power Company bonds to be delivered to Mr. Roach have been issued, the order made by this Commission shall not be construed as an authorization for the issuance of any bonds not heretofore authorized to be issued by this Commission.

The application should be granted and an order issued authorizing said transfer of property to be made.

An order based on the above conclusions is submitted

herewith.

The foregoing opinion and ~~order~~ are hereby approved  
and ordered filed as the opinion and order of the Railroad  
Commission.

Dated at San Francisco, California, this 24th day  
of May, 1912.

John W. Eschleman

H. D. Loveland

Max Thelen

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Edwin O. Edgerton  
Commissioners.

