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Decision No. 7825

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

In the matter of the application of)
UNION NATIONAL BANK OF PASADENA)
for authority to convey gas plants)
at Beaumont and Banning to Twin Cit-)
ies Gas Company, and of TWIN CITIES)
GAS COMPANY to acquire said proper-)
ties, to issue stocks and bonds and)
to exercise franchise rights under)
franchises owned by J. M. Berkley,)
and of J. M. BERKLEY for authority)
to convey said franchise rights to)
said Gas Company.)

Application No. 5818.

Gibson, Dunn and Crutcher by
S. M. Haskins, for applicants.

BRUNDIGE, Commissioner.

O P I N I O N

The Railroad Commission is asked to make an order:

1. Authorizing Union National Bank of Pasadena to sell, and Twin Cities Gas Company to purchase, gas plants in the cities of Beaumont and Banning, including all the properties appertaining to such gas plants.
2. Authorizing Twin Cities Gas Company to execute a mortgage and trust deed to secure the payment of an authorized issue of \$100,000. of 6% bonds.
3. Authorizing Twin Cities Gas Company to issue \$45,500.00 of 6% bonds and \$25,000.00 of stock for the purposes hereinafter indicated.

4. Declaring that public convenience and necessity require the exercise of the rights and privileges granted by the cities of Beaumont and Banning in franchises obtained by J. M. Berkley and to be transferred and assigned by him to Twin Cities Gas Company.

Reference is here made to Decision No. 6725 dated October 2, 1919 (Application No. 4951) in which the Commission considered the reconstruction of the gas plant at Beaumont and distributing systems in Beaumont and Banning; establish^{ed} rates to be charged for gas in Beaumont and Banning and granted conditional authority to issue \$25,000.00 of stock and \$42,500.00 of bonds to cover the acquisition and reconstruction of the gas plants and distributing systems. The order in Decision No. 6725 dated October 2, 1919 reads in part as follows:-

IT IS HEREBY ORDERED that Union National Bank of Pasadena be, and it is hereby, granted authority to convey all the properties referred to in the petition herein and in exhibits filed at the hearing to a corporation to be hereafter organized and said corporation, when organized, is hereby authorized to acquire said properties and to issue in payment therefor, and for such other purposes as the Railroad Commission may authorize, \$25,000. par value of common capital stock and \$42,500. face value of 20-year 6 per cent bonds, provided that this order will not become effective until there has been filed with the Commission for approval, a verified copy of the articles of incorporation, copies of the franchises obtained from the cities of Beaumont and Banning, copy of the proposed deed of trust securing the \$42,500. of bonds, and a supplemental order or orders authorizing the corporation to be hereafter organized to issue \$25,000. of stock and \$42,500. of 20-year 6 per cent bonds, approving the proposed mortgage and declaring that public convenience and necessity require the exercise of the franchise rights and privileges obtained from the cities of Beaumont and Banning, made.

Following the Commission's decision of October 2, 1919, approximately \$27,000. has been expended under the supervision of J. M. Berkley to reconstruct and rebuild the gas plant and system and put it in good operating condition. The plant was put in operation during January, 1920, and there are now about 325 consumers connected with the system, 125 of whom reside in

Beaumont and 200 in Banning.

The Union National Bank of Pasadena acquired the properties formerly owned by Riverside County Gas and Power Company at foreclosure sale. In an exhibit introduced in Application No. 4951, J. M. Berkley estimated the value of the useful property at \$33,086.63. Adding to this the amount, \$27,000., expended in reconstructing the properties, makes a total of \$60,086.63. Twin Cities Gas Company asks permission to issue to Union National Bank of Pasadena \$24,700. of stock and \$15,000. of bonds in payment for the gas plants as they existed prior to their reconstruction. The bank has also agreed to purchase \$30,500. of Twin Cities Gas Company's bonds, to cover the cost of reconstructing the gas plants.

Twin Cities Gas Company has filed with the Commission a copy of its proposed mortgage and deed of trust, securing the payment of an authorized issue of \$100,000. of 6% bonds due May 1, 1940. As indicated at the hearing, the proposed mortgage and deed of trust is not in satisfactory form and it is expected that the company will file a revised copy. Not until such copy, satisfactory in form to the Commission has been filed, can a final order be made in this proceeding.

Twin Cities Gas Company has filed with the Commission a certified copy of the franchise (Ordinance 109) granted to J. M. Berkley by the City of Banning, also a copy of the franchise (Ordinance No. 73) granted to J. M. Berkley by the City of Beaumont. J. M. Berkley intends to assign these franchises to Twin Cities Gas Company, which will exercise the rights and privileges granted by such franchises.

I herewith submit the following form of order;

O R D E R.

UNION NATIONAL BANK OF PASADENA, having applied to the Railroad Commission to transfer gas plant and distributing systems in the cities of Beaumont and Banning to Twin Cities Gas Company, and Twin Cities Gas Company having joined in the application and having asked permission to issue stock and bonds and exercise the rights and privileges granted by franchises referred to in the foregoing opinion, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by Twin Cities Gas Company through the issue of the stock and bonds herein authorized, is reasonably required and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Union National Bank of Pasadena be, and it is hereby, authorized to sell and transfer to Twin Cities Gas Company, and Twin Cities Gas Company is hereby authorized to purchase the properties, gas plant and systems referred to in this application and more particularly described in Exhibit No. 1 attached hereto;

IT IS HEREBY FURTHER ORDERED that Twin Cities Gas Company be, and it is hereby, authorized to issue \$25,000. of its stock and \$45,500. of bonds, provided that none of the bonds be issued until the Commission, by supplemental order, has authorized said company to execute a mortgage and deed of trust securing the payment of the bonds.

The authority herein granted is subject to further conditions as follows:-

1. Of the stock herein authorized to be issued, \$24,700., and of the bonds, \$15,000., may be issued to Union National Bank of Pasadena in full payment for the properties

referred to in paragraph V of the petition herein.

2. Of the stock herein authorized to be issued, \$300.00 shall be sold at not less than par; and of the bonds, \$30,500. at not less than 90% of their face value, plus accrued interest, and the proceeds used to pay for the reconstruction of the gas plant and distributing systems referred to in this application; and for the payment of the construction of additions and betterments referred to in this application or notes issued for the purpose of securing funds to pay for such reconstruction, additions and betterments.

3. The consideration at which the transfer of the properties is herein authorized shall not be urged before this Commission or any other public body as a measure of the value of said properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.

4. The authority herein granted to issue bonds will not become effective until Twin Cities Gas Company has paid the fee prescribed by the Public Utilities Act.

5. Twin Cities Gas Company shall keep such record of the issue and sale of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

6. The authority herein granted will apply only to such stock and bonds as may be issued on or before November 1, 1920.

The Railroad Commission hereby declares that public convenience and necessity require the exercise by Twin Cities Gas Company of the rights and privileges conferred by Ordinance No. 109 of the City of Banning adopted January 13, 1920, and by Ordinance No. 73 of the City of Beaumont adopted December 12, 1919, provided that Twin

Cities Gas Company shall first have filed with the Railroad Commission a stipulation duly authorized by its Board of Directors declaring that Twin Cities 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 amount actually paid to the Cities of Banning and Beaumont respectively, as the consideration for the granting of such franchises, which stipulation shall contain the amount paid to said cities, and shall have received from the Railroad Commission a supplemental order declaring that such stipulation has been filed in form satisfactory to the Railroad Commission.

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 5th day of July, 1920.

Feb 46 ⁰⁰/₁₀₀
J. M. [unclear]

H. A. Decker
H. T. Brundage
Dwight Martin

Commissioners.

EXHIBIT NO. 1

The properties which are hereby authorized to be transferred consist of

Lots four(4), five (5), and six(6) in Block one hundred forty-two (142), of the Town(now City) of Beaumont, County of Riverside, State of California, as per amended map of said Town, recorded February 27, 1888, in Book 6, pages 16 and 17 of Maps, Records of San Bernardino County, California.

And also Lot five (5) of Boone and Johnson's Subdivision of Blocks 33 and 34 of the Banning Colony Lands in the City of Banning, County of Riverside, State of California, as shown by Map of said Subdivision on file in Book 6, page 10 of Maps, Records of Riverside County, California, excepting therefrom the following described portion thereof:

Beginning at the Northeast corner of said Lot five (5); thence West along the North line of said lot, 25 feet; thence at right angles South and parallel with the East Line of said Lot, 75 feet; thence at right angles East and parallel with the North line of said lot 25 feet; and thence North along the East line of said lot, 75 feet to the point of beginning.

Also excepting therefrom the following described portion; Beginning at a point on the North line of said lot five (5), 12 feet Easterly from the Northwest corner thereof; thence Easterly along the North line of said lot five (5), 95 feet; thence Southerly at right angles 95 feet; thence Westerly at right angles 95 feet; thence Northerly at right angles 95 feet to the point of beginning; and containing 0.2 of an acre, more or less;

Together with all gas works, plants, buildings, structures, transmission and distribution lines, services, meters, materials and supplies, and all other property, real, personal and mixed of any and every kind and character, referred to in application number 5818.