

ORIGINAL

Decision No. 7826.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
INTERSTATE GAS COMPANY for an order)
authorizing the issue of stock.)

Application No. 5505.

In the Matter of the Application of)
C.E. PARIS, as Commissioner, to sell)
the properties of the IMPERIAL VALLEY)
GAS COMPANY, for an order authorizing)
said sale of said properties, and to)
transfer title to the purchaser at sale.)
and for such other order as may be meet.)

Application No. 5870.

J. Stewart Ross and R.B. Whitelaw, by R.B. Whitelaw,
for applicant.

BY THE COMMISSION:

O P I N I O N.

In Application Number 5870, the Railroad Commission is asked to make an order authorizing the sale and transfer of all of the properties of IMPERIAL VALLEY GAS COMPANY, to whomsoever may purchase the properties at foreclosure sale and authorizing the purchaser of said properties to sell and transfer them to the INTERSTATE GAS COMPANY. A description of the properties is contained in Exhibit "1" attached hereto.

In Application Number 5505, INTERSTATE GAS COMPANY asks permission to acquire said properties and issue stock in payment therefor.

At the hearing held before Examiner Westover at El Centro, no one appeared to protest against the granting of applicants' request.

Imperial Valley Gas Company was organized in 1908. On January 6, 1920, C.E. Paris was appointed receiver by the Superior Court in and for Imperial County, and since then the properties have been operated by him. In Application No. 5653, C.E. Paris as receiver, on behalf of Imperial Valley Gas Company, asked permission to discontinue service or increase rates charged for gas. The Commission in Decision No. 7744, dated June 19, 1920, does not approve at this time of the discontinuance of service,

but does authorize the receiver to increase rates to cover increased cost of operation. From the Commission's decision No. 7744, as well as from former decisions, it appears that the properties of Imperial Valley Gas Company, taken as a whole, are in poor operating condition and that the making of certain improvements is imperative.

For the purpose of fixing rates, the estimated historical reproduction cost of the properties was fixed at \$200,000.00. The Commission, however, qualifies the estimated reproduction cost of the properties, on account of their rundown condition, and their inefficient operation, and believe that under present conditions it does not seem reasonable to establish a rate which would yield a full return. The discussion of the present condition of these properties in Decision No. 7744, dated June 19, 1920, to which reference is here made, makes it unnecessary to further consider the condition of the properties in this opinion.

Imperial Valley Gas Company reports \$100,000.00 of 6% first mortgage, and \$72,000.00 of first and refunding bonds, outstanding. Interest payments are overdue and as a result of such default, the properties have been ordered sold by the court appointing the receiver.

The record shows that it is W.R. Holt's intention to acquire directly or indirectly the properties at the foreclosure sale and transfer them to the Interstate Gas Company, a newly organized corporation, of which he is president. It occurs to us that the Interstate Gas Company should not issue more than \$150,000.00 of its common stock to acquire and fully pay for all of the properties now owned by Imperial Valley Gas Company.

No doubt the court, under whose direction the properties are being sold, will determine how the proceeds are to be distributed. In any event, it should be understood that this Commission cannot adjudicate the rights of the various classes of creditors.

O R D E R.

Application having been made to the Railroad Commission for an order authorizing the sale and transfer of the properties of IMPERIAL VALLEY GAS COMPANY, and for an order authorizing the issue of stock by INTERSTATE GAS COMPANY, a public hearing having been held and the Railroad Commission being of the opinion that this application should be granted subject to the conditions of this order;

IT IS HEREBY ORDERED, that IMPERIAL VALLEY GAS COMPANY be, and it is hereby, authorized to sell all of its properties, more particularly described in Exhibit "1" attached hereto, to whomsoever may purchase such properties at the foreclosure sale, and said purchaser be, and he is hereby, authorized to acquire all of said properties and sell all of said properties to INTERSTATE GAS COMPANY.

IT IS HEREBY FURTHER ORDERED, that INTERSTATE GAS COMPANY be, and it is hereby, authorized to acquire all of the properties now owned by IMPERIAL VALLEY GAS COMPANY, from whomsoever may purchase such properties at the foreclosure sale and issue in full payment for all of said properties \$150,000.00 of its common capital stock.

The order herein granted is subject to the following conditions:-

- 1.-- The consideration herein authorized to be paid by Interstate Gas Company for the properties now owned by Imperial Valley Gas Company shall not be urged before this Commission, or any other public body, as a measure of value of said properties for the purpose of fixing rates or any purpose other than the transfer herein authorized.
- 2.-- The authority herein granted shall not be interpreted as permitting the discontinuance of any service now rendered by Imperial Valley Gas Company or by C.E. Paris, Receiver, nor shall it be interpreted as permitting Interstate Gas

Company to purchase only part of the properties now owned by Imperial Valley Gas Company.

3.-- Within 30 days after its execution, Interstate Gas Company shall file with the Railroad Commission a copy of the deed under which the purchaser of the properties of Imperial Valley Gas Company obtains title, and also a copy of the deed under which Interstate Gas Company obtains title to the properties herein authorized to be sold and transferred.

4.-- The Interstate Gas Company shall keep such record of the issue and sale of the stock 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.

5.-- The authority herein granted will apply only to such stock as may be issued on or before December 1, 1920.

Dated at San Francisco, California, this 8th

day of July, 1920.

Frank D. ...
H. A. ...
Irving Martin
Commissioners.

EXHIBIT "1"

In the "Notice of Commissioner's Sale", a copy of which is attached to the petition in Application Number 5870, the properties of IMPERIAL VALLEY GAS COMPANY, ordered sold, and the transfer of which is herein authorized, are described as follows:

"All lands, rights of way, franchises, pipe lines, gas plants, machinery fixtures, and all and any property, real and personal belonging to the grantor, and with more particularity described as follows: that certain real estate lying, being and situate in the city of El Centro, county of Imperial, state of California, and more particularly described as follows:-

"A plot of land being a part of lot 10, in block of the town of El Centro, described as follows: beginning at a point 300 feet east of the southwest corner of said lot 10, in said block 1, thence running from said point north 275 feet, thence east 50 feet, thence north to the right of way of the Holton InterUrban Railway Company, thence east along the south edge of the said right of way 150 feet, thence due south to Commercial Avenue, being the south line of said lot 10 in said block 1, thence west along the south line of said lot to the place of beginning.

"Together with all improvements.

"Also that certain real estate, lying, being and situate in the city of Imperial, county of Imperial, state of California, more particularly described as follows:

"Lots three (3) in block seventy-four (74) according to the map of the re-subdivision of block 67 to 88, both inclusive, of the city of Imperial, said map being on file in the recorder's office of said county, May 16th, 1902, and is numbered 885; together with all improvements.

"Also, that certain real estate lying, being and situate in the city of Brawley, county of Imperial, state of California, more particularly described as follows:

"Lots fifteen (15) in block fifty-six (56) in the townsite (now city of Brawley), in the county of Imperial (formerly part of the county of San Diego,) state of California, according to the official map thereof No. 920 on file in the recorder's office of San Diego county, California. Together with all improvements.

"Also all rights of way, granted by the Holton Power Company to the Imperial Valley Gas Company, over and across the property of the Holton Power Company, in the county of Imperial, state of California, as per deed of right of way, recorded on the 19th day of April, 1909, in book 27, at page 144, of deeds, Imperial County records, and all rights of way granted by the Holton InterUrban Railway Company to Imperial Valley Gas Company, along and over any and all property of the Holton Inter-Urban Railway Company, as per deed of right of way recorded on the 19th day of April, 1909, in book 27, page 143 of deeds, Imperial County records.

"Also all franchises, rights of way as deeded by the Imperial Land Company to Imperial Valley Gas Company, granting all the franchises and privileges of said Imperial Land Company over and across the streets and alleys of the

"towns of El Centro, Imperial, Brawley, Calexico and Heber, for the construction, laying, operating, maintaining of gas plants and systems, consisting of pipe lines, conduits and any and all means of distributing gas for fuel, lighting power and other purposes, as is more particularly set forth and recorded in book 66, at page 38 of Deeds, of Imperial County Records.

"Also a franchise deeded by the Holton Power Company to the Imperial Valley Gas Company, granting all of the franchises, privileges of said Holton Power Company over and across the streets and alleys of the town of Holtville, for the construction, operation, laying and maintaining of pipes and pipe lines, for the conduct of gas for lighting, power and heating and other purposes, and

"A franchise deeded by the El Centro Land Company to the Imperial Valley Gas Company, granting all of the franchises and privileges of said El Centro Land Company over and across the streets and alleys of the town of El Centro for the construction, laying, operating and maintaining pipes and pipe lines for the conducting of gas for lighting, heating and power, and other purposes and

"A permit from Imperial County to Imperial Valley Gas Company, under date of February 3, 1913, permitting Imperial Valley Gas Company to lay, construct and maintain a system of pipes and pipe lines under and across the public roads and highways of said Imperial County, as is more particularly set forth in the Minutes of the Board of Supervisors of Imperial County, on the 3d day of February, 1913.

"And all other property, either real or personal, not heretofore set forth, which may come into the hands or possession of, or under the control of the receiver, C.E. Paris, pending the hearing hereof.

"Also the following described personal property.

- 1 -1500 barrels oil storage tank
- 2 -6'6" x 20' gas generators
- 2-6'6" by 5' seals or washers
- 1- 28' 6" x 5'2" compression tank
- 2- 6'6" x 18' water scrubbers
- 1- Oil scrubber size 20' high x 6'6" dia.
- 2- 12' by 13' purifiers
- 1- 41'6" x 26' single lift gas holder of 30,000 cu.ft., capacity, inner shell 38' in diameter, 25' 6" deep with steel "I Beams standards latticed, gurders tank guides and connection.
- 1- Nilgus Oil Pump
- 1- Laidlaw-Dunn steam compressor
- 2- Belt driven Franklin O. Compressors
- 2- 20 HP 220 volt 3 phase electric motors
- 2- 10 HP 220 volt 3 phase electric motors
- 1- 3 HP 220 volt 3 phase electric motor
- 2- Starivant Blowers
- 1- Centrifugal water pump
- 1- 100 HP boiler
- 1- 75 HP boiler
- 2- feed water pumps
- 2- Worthington Oil Menters
- 4- Fulton Pressure regulators
- 1- Reynolds pressure regulator
- 1- Austin Excavator
- 19- miles of 2" iron and steel pipe used for transmitting gas from El Centro to Imperial, and from El Centro to Brawley.
- 1½- miles of 1"; 6½ miles of 2" iron and steel pipe used for the distribution of gas in the town of Brawley

- 1.7- miles of 1" pipe
- 11 - miles of 2" pipe
- .4- miles of 3"
- .2- miles of 6" iron and steel pipe used for the distribution of gas in the town of El Centro
- 4 $\frac{1}{2}$ - miles 2"
- $\frac{1}{2}$ - mile of 4"
- 1.1- of 1 inch iron and steel pipe used for the distribution of gas in the town of Imperial
- All 3", 2", 1 $\frac{1}{2}$ ", 1 $\frac{1}{4}$ ", 1" and 3/4" iron and steel pipe laid in and used as service pipe from main to proper line in the towns of Brawley, El Centro, and Imperial.
- 1275- Gas meters
- 1050- low pressure reliance gas regulators
- 25- reliance high pressure regulators
- 14- Gas heating stoves
- Together with miscellaneous small tools and fittings used in the manufacturing and distributing department
- 3 - Ford automobiles with material bodies
- 1 - Ford 5-passenger automobile
- 1 - Meter Prover
- 1 - office counter, fitted with drawers and stationery cupboards,
- 1 - roll top typewriter desk
- 1 - small typewriter table
- 1 - double bookkeepers desk
- 1 - Burroughs adding machine
- 1 - Underwood typewriter
- 3 - office chairs
- 1 - Office stool
- 1 - Hall safe
- 9 - Gas arc lights
- 1 - 16" O.C. Western Electric Fan

"All lands, rights of way, franchises, pipe lines, gas plant, machinery, fixtures and any and all other property, real and personal, belonging to the grantor, and all property acquired subsequent to the 1st day of January, 1909, which was or which has been connected with all or any of the towns of El Centro, Imperial, Brawley, Calexico, Holtville, in the county of Imperial, state of California, including all additions, to or renewals, or improvements, or betterments and all or any of such property in or connected with all or any of such towns together with the rents, issues, and profits of each and all of said property.

"All pipe lines, equipment and all equipment constructed by said Imperial Valley Gas Company or the receiver, or used in the operation of or in connection with said gas system. All automobiles and all other property, either real or personal, owned by said Imperial Valley Gas Company, or in possession of or under the control of the receiver, C.E. Paris, used in the maintenance, operation, repair or extension of said gas plant, office and system, situated in the state of California."