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Decision No. 8188.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
KERN ISLAND IRRIGATING CANAL COMPANY)
and)
KERN ISLAND CANAL COMPANY,)
for an order authorizing the sale of)
property and the issue of common)
stock.)

Application
Number
5163.

McCutchen, Willard, Mannon and Greene, by
J.A. Mannon, Jr., for applicants.

LOVELAND, Commissioner.

O P I N I O N.

KERN ISLAND IRRIGATING CANAL COMPANY asks permission to sell and transfer all of its properties to KERN ISLAND CANAL COMPANY. A description of the properties is attached hereto and marked Exhibit "A". KERN ISLAND CANAL COMPANY asks permission to purchase the properties and to issue \$300,000.00 of stock for the purposes hereinafter indicated.

KERN ISLAND IRRIGATING CANAL COMPANY was organized October 6, 1870. Its corporate life expires October 6, 1920. The company has outstanding \$150,000.00 of stock, and on August 31, 1920, was indebted to the Kern County Canal and Water Company in the sum of \$105,474.17. Kern County Canal and Water Company owns all of the outstanding stock of Kern Island Irrigating Canal Company, excepting shares necessary to qualify directors.

The testimony of F.G. Munzer, secretary of the Kern Island Irrigating Canal Company, shows that about 35,000 acres of land are at present irrigated through and by means of the company's canal system.

In Exhibit No. 1, applicants report the assessed value of

the properties of the Kern Island Irrigating Canal Company, located in Bakersfield, at \$68,020.00, and the assessed value of the properties outside of the city at \$237,457.00, making a total of \$305,477.00.

The company's properties located within the City of Bakersfield consist of three miles of 20-foot ditch and six city blocks, together with certain improvements. The records show that the properties in the city are assessed at their full value and those outside at about 60 per cent. of their value. The right to the use of 300 cubic feet of water from the Kern River is not assessed either by the city or county, according to the testimony herein.

Kern Island Canal Company, recently organized, has an authorized stock issue of \$300,000.00, divided into 3,000 shares of the par value of \$100.00 each. The company asks permission to issue three shares to qualify directors, and 2,997 shares in payment for the properties of Kern Island Irrigating Canal Company. When the transfer of the properties is finally consummated and Kern Island Irrigating Canal Company dissolved, the 2,997 shares of stock will become the property of Kern County Canal and Water Company, which now owns all of the outstanding stock of Kern Island Irrigating Canal Company, except shares necessary to qualify directors. No change in the management of the canal system will result from the transfer of the properties.

It appears from the entire record herein that the sole and only purpose of this application and proceeding is to meet the necessities occasioned by the expiration of the existing charter of Kern Island Irrigating Canal Company. The findings of fact and the order herein are therefore made with that situation in mind and for that reason such findings and the order herein shall not be construed as a finding, declaration, order or authority for anything other or different than what is before the Commission in the present proceeding.

I herewith submit the following form of Order.

O R D E R.

KERN ISLAND IRRIGATING CANAL COMPANY having applied to the Railroad Commission for permission to sell all of its properties to KERN ISLAND CANAL COMPANY, and KERN ISLAND CANAL COMPANY having applied for permission to purchase said properties and to issue \$300,000.00 par value of its common stock, a public hearing having been held and the Railroad Commission being of the opinion that the money property or labor to be procured or paid for by such issue is reasonably required by the KERN ISLAND CANAL COMPANY, and that the expenditures for such purpose, as herein authorized, are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that KERN ISLAND IRRIGATING CANAL COMPANY be, and it is hereby, authorized to sell, subject to existing indebtedness, for \$299,700.00 all of its properties, more particularly described in Exhibit "A" attached hereto, to KERN ISLAND CANAL COMPANY.

IT IS HEREBY FURTHER ORDERED, that KERN ISLAND CANAL COMPANY be, and it is hereby, authorized to purchase said properties and issue \$300,000.00 of its common capital stock.

The authority herein granted is subject to the following conditions:

- 1.-Of the stock herein authorized to be issued, \$300.00 shall be sold at par for the purpose of qualifying directors of Kern Island Canal Company and the proceeds obtained from the sale of such stock used as working capital. The remainder of the stock herein authorized, \$299,700.00, shall be delivered to Kern Island Irrigating Canal Company in part payment for the properties which Kern Island Irrigating Canal Company is herein

authorized to sell to Kern Island Canal Company and which are more particularly described in Exhibit "A" attached hereto.

- 2.-- The consideration at which the public utility properties herein authorized to be transferred shall not be considered as a measure of value of said properties for rate-making or any purpose other than the transfer herein authorized.
- 3.-- Kern Island Canal Company shall within 60 days after the acquisition of the properties of Kern Island Irrigating Canal Company, file with the Railroad Commission a verified copy of the deed under which it holds title to said properties and advise the Commission of the date on which it took possession of the properties.
- 4.-- Kern Island Canal 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 November 15, 1920.

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 1st day of October, 1920.

Edwin O. Edgerly
H. A. Leonard
Frank P. Nelson
H. B. Brundage

COMMISSIONERS.

EXHIBIT "A"

In applicants' Exhibit No. 3, the properties which KERN ISLAND IRRIGATING CANAL COMPANY (party of the first part) asks permission to sell and transfer to KERN ISLAND CANAL COMPANY (party of the second part) are described as follows:

"All those certain lots, pieces or parcels of land, situate, lying and being in the County of Kern, State of California, and particularly described as follows; to-wit:

"Blocks numbers one hundred and seventeen (117), One hundred and eighteen (118), one hundred and nineteen (119), one hundred and twenty (120), one hundred and twenty-one (121), and one hundred and twenty-two (122), in the Town of Bakersfield, according to the map entitled "Map of Northern Division of the Town of Bakersfield," dated March fifteenth, one thousand eight hundred and eighty-nine, and filed in the office of the County Recorder of said County of Kern April twenty-sixth, one thousand eight hundred and eighty-nine, which said map is a photographic copy of that certain original map made by and according to the surveys of W.R. MacMurdo, County Surveyor of Kern County, California.

"Also, the said party of the first part does hereby grant, bargain and sell, convey and confirm, transfer, assign and set over unto the party of the second part all of its franchises and business; all of its lumber, horses, harnesses, carts, implements and tools, mess and kitchen furniture and household goods; all of its water and water rights, and particularly its right to take and divert water from the Kern River and any of its branches or tributaries; all of its canals and ditches, including its irrigating system consisting of nineteen (19) miles, more or less, of ditch twenty (20) feet in width, beginning in the northwest quarter of section ten (10), township twenty-nine (29) south, range twenty-eight (28) east, Mount Diablo Base and Meridian, and running thence in a southwesterly direction and ending at the south line of section thirty-one (31), township thirty-one (31) south, range twenty-eight (28) east, Mount Diablo Base and Meridian, together with all rights of way, gates, headgates, side gates, weirs, siphons, culverts, bridges and lateral ditches; and, in addition, all other property of whatsoever character, whether real, personal or mixed, and wheresoever situate, belonging to the said party of the first part, excepting only its franchise to be a corporation.

"It is the intent of the party of the first part hereby to grant, bargain and sell, convey and confirm, transfer, assign and set over, unto said party of the second part, and said party of the first part does hereby grant, bargain and sell, convey and confirm, transfer, assign and set over unto said party of the second part, its successors and assigns forever, all its property and assets of whatever character and wheresoever situate.

"TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

"TO HAVE AND TO HOLD all and singular the said premises, together with the appurtenances, unto the said party of the second part, and to its successors and assigns forever.

"The party of the second part by the acceptance of this conveyance hereby assumes all of the obligations and liabilities of said Kern Island Irrigating Company."