

Application No. 862
BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application :
of the VENTURA COUNTY POWER COM- :
PANY to sell to the City of Oxnard : Application No. 675.
the water system of the Ventura :
County Power Company. :

ORIGINAL

Application No. 862

Joseph Sailer, President of the Board of
Trustees, with two members
of the Board; and
Charles F. Blackstock, City Attorney, re-
presenting City of Oxnard;
F. W. Hunter, President Ventura County Pow-
er Company, representing
Ventura County Power Company.

LOVELAND, Commissioner.

O P I N I O N

This is an application of the Ventura County Power
Company to sell to the City of Oxnard the Oxnard Water Works
System, located at Oxnard, Ventura county, California, for the
sum of \$30,000.00.

The Oxnard Water Works System comprises real estate
located in Oxnard, described as follows:-

All of Lots 15 and 16, Block "B" as the same are desig-
nated and delineated upon that certain map entitled: "Map No.
4 of the Town of Oxnard, and North Addition to the Town of Ox-
nard", and recorded in the office of the County Recorder of Ven-
tura county in Book 5 of Miscellaneous Records (Maps), at page
9; each of said lots having a frontage of fifty feet on "B"
Street by a depth of one hundred and forty feet.

Said system also includes the distributing system used
for the distribution of water in said city of Oxnard.

The Oxnard Water Works System comprehended in this ap-
plication comprises but a small part of the property owned and
operated by the Ventura County Power Company, that company own-
ing and operating water systems in various other cities and towns
in Ventura county, California.

A financial statement of the Ventura County Power Company is submitted with the application and marked Exhibit "A". Reference is also made in the application to the report of the Ventura County Power Company on file with the Commission.

The Ventura County Power Company was incorporated in 1906, under the laws of the State of California, having its principal place of business in the City of Oxnard, County of Ventura, State of California, with an authorized capital stock of \$2,500,000.00 and an authorized bonded indebtedness of \$1,000,000.00, of which \$962,000.00 is now outstanding. It has an indebtedness of \$122,850.00 represented by unsecured one-day notes, and current indebtedness, at the time the application was made, of \$29,414.01. The interest on the bonds and the interest on the notes have been paid but no dividends have ever been declared, the earnings above interest on bonds and floating indebtedness having been used for enlarging the plant and for betterments. The bonds draw interest at the rate of six per cent and were guaranteed by the Title Insurance and Trust Company of Los Angeles, Trustee.

A condition of the trust mortgage recites that the trustee shall have the power to release from the effect of the mortgage, without substitution, any property designated by the Ventura County Power Company which, in the judgment of the trustee, it has become inexpedient to hold or use for the purposes of the plant or business of the Ventura County Power Company, a condition being, however, that such release shall be subject to the approval, in writing, of Adams-Phillips Company and William R. Staats Company, and that in case of all such releases of land and buildings without substitution, subsequent to November 1, 1911, the trustee shall receive the proceeds of sale of any such released property and apply said proceeds to the purchase for cancellation at not exceeding par, accrued interest and a premium of one per cent, any of the bonds secured thereby.

It was developed at the hearing that the written consent of Adams-Phillips Company and William R. Staats Company had been secured but that the Title Insurance and Trust Company of Los Angeles, Trustee, had not been consulted as to this particular transaction, although the president of the water company testified that there had been many transfers by the company which the trustee always approved when resolutions regularly passed by the company were presented to it.

The price to be paid for this water works system is not supposed to represent the fair value of the system, which value is, doubtless, much in excess of \$30,000.00, mentioned as the consideration for this transfer. The reason given by the president of the water company for the willingness of that company to sell the Oxnard Water Works System at the price mentioned is that, on the 5th day of April, 1912, the City of Oxnard voted bonds in the sum of \$100,000.00 for the purpose of installing a municipal water works system. That said bonds have been sold and said water works system is now being constructed, the testimony showing that, at the completion of such municipal water works system, the value of the Ventura County Power Company's Oxnard system would be greatly impaired, if not rendered practically useless. That, under such circumstances, the company preferred to sell the Oxnard Water Works System to the City of Oxnard.

The testimony showed, and I find as a fact, that the interests of the residents and water users of Oxnard will be best served by permitting this sale of the Oxnard Water Works System by the Ventura County Power Company to the City of Oxnard; and I recommend the following Order, subject to conditions named:-

O R D E R

WHEREAS, the Ventura County Power Company has applied to the Railroad Commission of the State of California for permission to sell to the City of Oxnard the Oxnard Water Works System,

located at Oxnard, California; and

WHEREAS, a hearing has been regularly held and it has been found as a fact that the interests of the residents and water users of Oxnard will best be served by permitting said sale and transfer;

NOW, THEREFORE, BE IT ORDERED: That the Ventura County Power Company be and it is hereby granted permission to sell the Oxnard Water Works System to the City of Oxnard, consideration for such sale and transfer to be \$30,000.00; such sale and transfer to be subject to the condition that the Ventura County Power Company shall file with the Railroad Commission of the State of California copy of resolution regularly passed by its Board authorizing said sale and transfer; and shall also file with the Railroad Commission, in writing, the approval of the Title Insurance and Trust Company of Los Angeles, Trustee, of such sale and transfer, this Order not to be effective until such copy of resolution of the Board of Directors of the Ventura County Power Company and approval by said trustee shall have been filed with the Railroad Commission of the State of California.

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 11th day of August, 1913.

H. J. [Signature]
Max [Signature]
Edwin O. [Signature]

Commissioners.