

Decision No. 9238

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
 CITRUS BELT GAS COMPANY to sell and)
 of SOUTHERN CALIFORNIA GAS COMPANY)
 to buy certain property in the cities)
 of Redlands, Colton and San Bernardino,)
 in San Bernardino County, and in the)
 city of Corona, in Riverside County,)
 State of California; of SOUTHERN CALI-)
 FORNIA GAS COMPANY for certificates of)
 public convenience and necessity to ex-)
 ercise certain franchises granted by)
 said cities, or applied for; for the ap-)
 proval of a certain contract entered into)
 between Citrus Belt Gas Company and Sou-)
 thern California Gas Company, as of date)
 June 14, 1921, and of the Southern Cal-)
 ifornia Gas Company for permission to)
 issue bonds pursuant to said contract.)

Application Number 6917

O'Melveney, Milliken & Tuller, by Seyre
 Macneil, and Paul Fussell, for
 Southern California Gas Company.
 S. W. McNabb, for Citrus Belt Gas Company.
 Wm. Guthrie for City of San Bernardino.
 J. C. Emerson, for City of Corona.
 A. E. Brock, Mayor, for City of Redlands.

BRUNDIGE AND LOVELAND, COMMISSIONERS.

O P I N I O N

The Railroad Commission is asked by applicants to make an order authorizing CITRUS BELT GAS COMPANY to sell its properties, described in Exhibit "A" filed in this proceeding, to SOUTHERN CALIFORNIA GAS COMPANY, and to permit Southern California Gas Company to purchase such properties, to issue bonds and to exercise franchise rights, more particularly referred to below. The transfer of the properties is to be made pursuant to the terms and conditions of the agreement of

sale, a copy of which is filed in this proceeding and marked Exhibit "A".

CITRUS BELT GAS COMPANY was organized in 1911 and operates gas generating plants in San Bernardino, Redlands and Corona. It distributes artificial gas in Redlands, San Bernardino, Colton and Corona.

As of December 31, 1920 the company reports \$250,166.00 of capital stock outstanding. Its interest bearing funded debt consists of \$277,000. of bonds. In addition, the company reports \$73,200.00 face value of bonds in its treasury. It appears, however, that part of the \$73,200.00 of bonds have been deposited as collateral to secure the payment of unfunded indebtedness. The company's unfunded indebtedness as of December 31, 1920, is reported to consist of \$14,000.00 of notes payable, \$16,360.49 of accounts payable, \$7,456.67 of interest accrued and \$3,482.69 of taxes accrued.

CITRUS BELT GAS COMPANY for 1920 reports 610 consumers in San Bernardino, 592 in Colton, 2345 in Redlands and 484 in Corona, making a total of 4031. For 1919 the company reported 1,066 consumers in San Bernardino, 650 in Colton, 2,225 in Redlands and 420 in Corona, making a total of 4,361, or 330 consumers more in 1919 than in 1920. For 1920 Citrus Belt Gas Company reports total gross operating revenue of \$150,220.47, and operating expenses of \$173,441.26, resulting in a net operating loss of \$23,220.79.

The record in this and other proceedings shows that the generating plants and other properties of Citrus Belt Gas Company are in a poor state of repair and operating condition. During the past few years the company has encountered considerable difficulties in giving satisfactory service and maintaining its credit. As a matter of fact, it has become necessary for the City of Redlands to take over the operation of the company's

plant and system in Redlands in order that satisfactory service might be given to the consumers residing in Redlands.

Southern California Gas Company operates gas distributing systems in San Bernardino and Colton. Its distributing lines do not extend to Redlands or to Corona. A. B. Macbeth, Vice President and General Manager of Southern California Gas Company, testified that if the company is permitted to purchase the properties of Citrus Belt Gas Company, it will immediately begin to serve the consumers of Citrus Belt Gas Company in San Bernardino and Colton with natural gas of about 1100 heat units. The consumers of Citrus Belt Gas Company have heretofore been receiving straight artificial gas of less than 600 heat units.

A. B. Macbeth also testified that it is the intention of the Southern California Gas Company to lay some four or five miles of 6-inch line in order to connect its system with the system of the Citrus Belt Gas Company in Redlands, and that when this is done, Redlands will be supplied with natural gas. The plans of the company as to the character of service in Corona have not been finally passed upon. The company, however, intends to continue the gas service in Corona and to give good service in all of the communities now being served by the Citrus Belt Gas Company.

A detailed description of the properties which Southern California Gas Company asks permission to buy is found in Schedule "A" attached hereto. The record shows that the Citrus Belt Gas Company has agreed to sell all of its properties except an automobile, a desk and chair, to Southern California Gas Company. The purchasing company asks permission to issue in payment for the properties \$365,000.00 face value of its 7% first and refunding gold bonds dated March 1, 1921 and due March 1, 1951, and in addition, make a cash payment of \$1,110.00. The properties are

to be transferred free and clear of all encumbrances. It may be that some of the holders of bonds which are now a lien on the Citrus Belt Gas Company properties will refuse to exchange their bonds for Southern California Gas Company bonds. To meet such a situation, if it arises, the purchasing company asks authority to sell part of the \$365,000. of bonds and increase the cash payment.

After the transfer of the properties has been effected, necessary adjustments will be made on account of materials and supplies on hand. The purchasing company agrees to acquire the materials and supplies on hand at their market value. For some time past, the City of Redlands has been operating the properties of Citrus Belt Gas Company located in Redlands. The Southern California Gas Company agrees to buy from the city at the market value, all fuel oil on hand at the time of the transfer of the properties and pay to the city in cash such sum as will reimburse the city for any amount it may then be out on account of the cost of repairing and replacing gas meters within the city limits, according to the sworn statement to be rendered by George Hinckley, provided that the purchasing company shall not be required to pay on account of such meters any sum in excess of \$4,500. for repairs and replacements up to June 3, 1921, and in addition thereto the company agrees to pay the cost of such repairs and replacements as are made with its consent.

Included in the properties which the Southern California Gas Company intends to acquire, are franchises granted by the City of Redlands, City of San Bernardino, City of Colton and City of Corona, together with all other franchises, rights and privileges under which the Citrus Belt Gas Company has been operating. Southern California Gas Company, it appears from the record, has applied for new franchises in Redlands and in San Bernardino. The order herein will permit Southern California Gas Company to operate under the

present franchises of the Citrus Belt Gas Company, when it has secured new franchises from the City of Redlands and San Bernardino and copies of such franchises filed with the Commission, and the Commission will make such further order as it may deem appropriate.

There has been no protest filed against the granting of this application. Wm. Guthrie, City Attorney for San Bernardino, consented to the sale of the properties subject to certain reservations. He urged that the Southern California Gas Company file a statement showing what part of the Citrus Belt Gas Company properties will be abandoned and that Southern California Gas Company secure a franchise from the City of San Bernardino. A statement showing what properties will likely be abandoned has been filed with the Commission and the Commission advised that the company has applied for a franchise from the City of San Bernardino.

We herewith submit the following form of order:-

 O R D E R

The Railroad Commission, having been asked to make an order authorizing the sale and transfer of the properties of Citrus Belt Gas Company, described in Exhibit "A" filed in this proceeding, to Southern California Gas Company, and Southern California Gas Company, having applied to the Commission for permission to purchase said properties, to issue not exceeding \$365,000. of bonds and to exercise franchise rights, a public hearing having been held and the Commission being of the opinion that this application should be granted subject to the terms and conditions of this order, and that the money, property or labor to be procured or paid for by Southern California Gas Company through the issue of \$365,000. of bonds, is reasonably required;

THEREFORE, applicants are hereby authorized to perform the following acts:-

1. Citrus Belt Gas Company may sell its properties described in Schedule "A", attached hereto, to Southern California Gas Company, and Southern California Gas Company may purchase said properties pursuant to the terms and conditions of the agreement filed in this proceeding and marked Exhibit "A", which agreement applicants are authorized to execute and perform all acts necessary to carry said agreement into effect.

2. Southern California Gas Company may issue not exceeding \$365,000. of its first and refunding mortgage 20-year 7% gold bonds due March 1, 1951, and deliver said bonds in part payment for the properties which it is herein authorized to purchase; or, it may sell said bonds at not less than 97% of their face value and accrued interest and use the proceeds to pay in part for the said properties.

3. Southern California Gas Company may exercise the rights and privileges granted by the following ordinances:-

- a. Ordinance No. 407, City of Redlands.
- b. Ordinance No. 298, City of San Bernardino.
- c. Ordinance No. 195, City of Colton.
- d. Ordinance No. 197, City of Colton,
- e. Ordinance No. 283, City of Corona

provided Southern California Gas Company shall first file with the Railroad Commission a stipulation duly authorized by its Board of Directors declaring that Southern California Gas Company, its successors and assigns, will never claim before the Railroad Commission or any court or other public body, the value for said rights and privileges in excess of the amount actually paid to the various grantors as the consideration for the granting of the franchises, which amount shall be set forth in the stipulation, 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.

4. Upon the filing of the certified copy of an ordinance of the City of Redlands and an ordinance of the City of San Bernardino, together with a stipulation similar in form to that mentioned in Paragraph 3 of this order, the Railroad Commission will declare that public convenience and necessity require, and will require the exercise by Southern California Gas Company of all rights and privileges granted to it by such ordinances, subject to such terms and conditions as the Railroad Commission may prescribe.

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

A. The consideration paid for the properties of Citrus Belt Gas Company shall not be used as a measure of value of the properties for any purpose other than the transfer herein permitted.

B. Southern California Gas Company shall file with the Commission a verified copy of the deed or deeds under which it secures and holds title to the properties now owned by Citrus Belt Gas Company, such deed or deeds to be filed within 30 days after execution.

C. Southern California Gas Company shall keep such record of the issue and sale of the 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.

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

E. The authority herein granted to transfer properties and issue bonds will apply only to such transfer as may be made and

and to such bonds as may be issued, sold and delivered on or before December 15, 1921.

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 15th day of July, 1921.

Railroad Commission State of California
File # 365700
JUL 18 1921
H. W. Matthews

H. B. Brundage
H. W. Loveland
Irving Martin

Commissioners.

SCHEDULE "A".

The properties which Citrus Belt Gas Company is authorized to sell and Southern California Gas Company to purchase by the order in Application Number 6917 are those described in Exhibit "A" filed in Application Number 6917, and consist of the following--

The Seller (Citrus Belt Gas Company) agrees to sell and deliver, and the Buyer (Southern California Gas Company,) agrees to take and pay for, all the real and personal property situate in the counties of San Bernardino and Riverside, State of California, more particularly described as follows, to-wit:

Parcel (a): All those certain lots, pieces and parcels of ground situate in the City of Redlands, county of San Bernardino, State of California, more particularly described as follows:

1.- All of lots numbered One (1), Two, (2), Three (3) and Four (4), in Block lettered "B" according to the recorded map of Zeller-Pratt & Kendall's Subdivision as the same appears of record in Book 5, of Maps, at page 22 thereof, in the Recorder's office of said county, together with all buildings, improvements and fixtures now located thereon.

2.- Beginning thirty (30) feet South of a point nine hundred and eighty-four and five-tenths (984.5) feet West of the Northeast corner of the South one-half ($S\frac{1}{2}$) of the South one-half ($S\frac{1}{2}$) of Lot Twenty-Seven (27) in Block Seventy-seven (77) of the San Bernardino Rancho; thence East two hundred and ninety-seven and two-tenths (297.2) feet; thence South two hundred and seventy-one and nine-tenths (271.9) feet to Mill Creek Zanja; thence Westerly along said Zanja to point South of the point of beginning; thence North two hundred and three and one-half ($203\frac{1}{2}$) feet to the point of beginning, containing $1\frac{1}{2}$ acres, more or less; in the city of Redlands, county of San Bernardino, state of California, as per plat recorded in Book 7 of Maps, page 2, of the records of said county. Together with all buildings, improvements and fixtures now located thereon.

3.- Also beginning at a point 687.3 feet West and 30 feet south of the Northeast corner of the South half of the South half of Lot Twenty-seven (27) in Block seventy-seven (77) of the eighty (80) acre survey of the Rancho San Bernardino as per map thereof, recorded in Book 7, page 2, Records of San Bernardino County; thence East

66.8 feet more or less, to West line of Mill Street; thence South along said West line 288 feet, more or less, to center line of Mill Creek Zanja; thence West along said center line of said Zanja to a point directly South of the point of beginning; thence North 271.9 feet, more or less, to point of beginning. Together with all buildings, improvements and fixtures now located thereon.

Parcel (b):
(Colton)

Lots numbered One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Thirteen (13), Fourteen (14), Fifteen (15) and Sixteen (16), all in Block numbered 173, of the town of Colton, according to the plat as shown in Book 9 of Maps at page 37 thereof, Records of said County. Together with all buildings, improvements and fixtures now located thereon.

Parcel (c):
(San Bernardino)

All that certain real property situated in the City of San Bernardino, county of San Bernardino, state of California, and particularly described as follows:-

All that portion of Lot One (1) of Block Ten (10) of the five-acre survey of the Rancho San Bernardino, according to the map of said Rancho on record in the office of the County Recorder of San Bernardino County, in Book 7 of Maps, at page 2 thereof, described as follows: Commencing in the North line of said Lot One (1) at the Northwest corner of the lands formerly owned by the San Bernardino Artificial Stone and Improvement Company as described in a deed to said San Bernardino Artificial Stone and Improvement Company from one A. Thompson, recorded in Book 55 of Deeds at page 270 of the records of said San Bernardino County; thence running West along the said North line of said lot, one hundred and fifty (150) feet; thence South three hundred and fifteen (315) feet, more or less, to the North line of the right of way of the Southern California Railway; thence East one hundred and fifty (150) feet; thence North three hundred and fifteen (315) feet, more or less, to the point of beginning.

Together with all buildings, improvements and fixtures now located thereon.

Parcel (d):
(Corona)

All that certain real property situated in the City of Corona, County of Riverside, state of California, and more particularly described as follows, to-wit:

All that portion of Lot Four (4) in Block Seventy-one (71) of the South Riverside Colony Lands, in the city of Corona, county of Riverside, state of California, according to map thereof recorded in the office of the Recorder of San Bernardino County, California, in Book 9, page 5, of Maps, described as follows:-

Commencing at the Northeast(NE) corner of Lot Five (5) in said Block Seventy-one (71); thence running Southeasterly along the Northwesterly line of said Lot Four (4) eighty-nine

(89) feet and one (1) inch; thence Southerly paralleling the Westerly line of said Lot Four (4) one hundred and ninety-four and forty-two hundredths (194.42) feet; thence at right angles Westerly eighty-eight (88) feet to the South corner of said Lot Four (4); thence Northerly along the said line of Lot Four (4) two hundred eight and forty-three hundredths (208.43) feet to point of commencement.

Together with all buildings, improvements and fixtures now located thereon.

Parcel (e) :

(Franchises)

Those certain franchises, rights and privileges described as follows:-

1. Redlands. All those certain franchises, rights and privileges granted by the Board of Trustees of the City of Redlands to the Redlands Gas Company, by Ordinance No. 267, and to _____ Edison Company, by Ordinance No. _____, and to Home Gas and Electric Company, by Ordinance No. 407; together with all pipes, pipe lines, connections, meters and other apparatus and appliances installed pursuant to or in connection with said franchises, and each of them.

2. San Bernardino. All those certain franchises, rights and privileges heretofore granted by the City of San Bernardino to Seth Hartley by Ordinance adopted by the Board of Trustees of said City, November 5, 1904, being Ordinance No. 298; together with all pipes, pipe lines, connections, meters and other apparatus and appliances installed pursuant to or in connection with said franchise.

3. Colton. All rights, privileges and franchises granted by the Board of Trustees of the city of Colton to George B. Ellis, by Ordinance No. 195, as amended by Ordinance No. 197; together with all pipes, pipe lines, connections, meters and other apparatus and appliances installed pursuant to or in connection with said franchise.

4. Corona. All rights, privileges and franchises granted by the Board of Trustees of the city of Corona to P.J. Dubbell, by Ordinance No. 283; together with all pipes, pipe lines, connections, meters and other apparatus and appliances installed pursuant to or in connection with said franchise.

5. All franchises to use the public streets and thoroughfares of each and every of the cities hereinbefore in this indenture named, and of laying down pipes and conduits therein and connections therewith so far as may be necessary for introducing into and supplying said cities and their respective inhabitants with gaslight acquired by Seller under and by virtue of section 19 of Article XI of the Constitution of the State of California as it existed prior to October 10, 1911; together

with all pipes, pipe lines, connections, meters and other apparatus and appliances installed pursuant to or in connection with said franchises.

6. Any and all other franchises, rights, and privileges not above specifically set forth, granted by any governmental or other public body to the Seller, or now owned by it, together with all pipes, pipe lines, connections, meters and other apparatus and appliances installed pursuant to or in connection with any of said franchises.

Parcel (f):

(Omnibus
Clause)

Seller's gas generating systems, compressor plants and gas distributing systems and mains in and about each of the cities of Redlands, San Bernardino, Corona and Colton, including among other things all mains, pipes, rights-of-way, licenses and like privileges, furnaces, boilers, purifiers, washers, holders, meters, motors, services, tools, equipment, appliances and property either real or personal used or in connection with said systems.

Parcel (g):

(Furniture)

All office furniture now located at any of Seller's offices in any of said cities and all automobiles and automobile trucks now owned by Seller; excepting therefrom, however, the Edison automobile, license No. _____, and the office desk and office chair used by the manager of Seller.

Parcel (h):

(Miscellaneous personal
property).

All material and supplies, including oil, now owned by Seller.