

ORIGINAL

Decision No. 9683.

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA

\* \* \* \*

In the Matter of the Application of  
SONOMA VALLEY WATER, LIGHT AND POWER  
COMPANY, SONOMA CITY WATER WORKS, and  
the SONOMA VISTA WATER COMPANY for  
permission to sell certain properties  
to the SONOMA WATER AND IRRIGATION  
COMPANY,

and

In the Matter of the Application of  
SONOMA WATER AND IRRIGATION COMPANY  
for permission to purchase said prop-  
erties and to issue \$100,000.00 of  
its preferred stock and \$50,000.00 of  
its common stock for the purpose of  
acquiring said properties; to consoli-  
date the distributing systems of the  
three properties and to put in a con-  
crete bottom in the reservoir now  
owned by SONOMA VALLEY, WATER, LIGHT  
AND POWER COMPANY.

ORIGINAL

Application  
Number  
6837

Leon C. Osteyee for applicants;  
R.E. Child in propria persona.

LOVELAND, Commissioner.

SECOND SUPPLEMENTAL OPINION.

On August 31, 1921, the Commission made an order (Decision No. 9453) in the above entitled matter authorizing SONOMA VALLEY WATER, LIGHT AND POWER COMPANY to issue \$100,000.00 of 8 per cent. cumulative preferred stock subject to the conditions mentioned in said order.

On October 10, 1921, a new supplemental application was filed in this proceeding. In this supplemental application the Commission is asked to make an order authorizing the sale of all the properties of Sonoma Valley, Water, Light and Power Company, Sonoma Vista Water Company, and the public utility properties of

the Sonoma City Water Works to Sonoma Water and Irrigation Company, and permit the last mentioned company to issue \$50,000.00 of common stock and \$100,000.00 of 8 per cent. cumulative preferred stock.

Sonoma Water and Irrigation Company, organized during September, 1921, has an authorized stock issue of 500,000 shares of a par value of \$500,000.00, divided into 300,000 shares of 8 per cent. cumulative preferred and 200,000 shares of common.

The Sonoma Water and Irrigation Company asks permission to pay \$60,000.00 (\$10,000.00 cash and \$50,000.00 of common stock) for the properties of Sonoma Valley Water, Light and Power Company. The Commission in Decision No. 9453 expressed the opinion that not more than \$50,000.00 of stock should be outstanding against the properties of Sonoma Valley Water, Light and Power Company. It is now proposed however to issue \$50,000.00 of stock for the properties as part payment, and pay in addition thereto \$10,000.00 in cash to enable Sonoma Valley Water, Light and Power Company to pay its indebtedness. Sonoma Water and Irrigation Company to realize \$10,000.00 in cash from the sale of stock will have to sell at 80 \$12,500.00 of its preferred stock, so that in effect \$62,500.00 of stock would be issued to acquire the properties of Sonoma Valley Water, Light and Power Company. I am of the opinion that Sonoma Water and Irrigation Company should not issue more than \$40,000.00 of its common stock as part payment for the properties of Sonoma Valley Water, Light and Power Company, and that not exceeding \$10,000.00 in cash may be used to cover the remainder of the purchase price.

The Sonoma Water and Irrigation Company asks permission to sell \$100,000.00 par value of its 8 per cent. cumulative preferred stock at a price to net the company not less than \$80,000.00. The company intends to use the proceeds from the sale of this stock for the following purposes:-

(a) - To pay in part the purchase price of the Sonoma Valley Water, Light and Power Company properties,.....	\$10,000.00
(b) - To put a cement bottom in the reservoir now owned by Sonoma Valley Water, Light and Power Company,.....	8,000.00
(c) - To purchase the public utility water system of the Sonoma City Water Works,.....	30,000.00
(d) - To purchase the property of the Sonoma Vista Water Company,.....	10,650.00
(e) - To expend for extensions, betterments, meters and consolidating systems,.....	<u>21,350.00</u>
TOTAL,.....	\$80,000.00

This supplemental application involves the consolidation of the properties of Sonoma Valley Water, Light and Power Company, Sonoma Vista Water Company and the public utility properties of the Sonoma City Water Works. A general description of the properties to be consolidated is contained in Decision No. 9453, dated August 31, 1921, and Decision No. 9200, dated July 2, 1921. Detailed descriptions of the properties to be consolidated are contained in Schedules 1, 2 and 3, attached hereto.

There is no doubt in my mind but that the consolidation of the properties as outlined in the supplemental application and in the testimony offered in support thereof, will be for the benefit of the public.

It should be understood that an order of the Commission permitting the sale and transfer of the public utility properties here involved is permissive only, and does not compel any one to sell their properties if such sale is not approved by them. The sale of the properties is one which, so far as this Commission is concerned, must be agreed to by the owners of the property.

Inasmuch as Sonoma Valley Water, Light and Power Company does not intend to proceed under the authority granted in Decision No. 9453, dated August 31, 1921, I am of the opinion that the order in that decision should be vacated and set aside.

I herewith submit the following form of Order:

SECOND SUPPLEMENTAL ORDER.

SONOMA WATER AND IRRIGATION COMPANY having applied to the Railroad Commission for permission to issue \$50,000.00 of common and \$100,000.00 of 8 per cent. cumulative preferred stock, and to acquire properties and the owners of the properties which the company intends to acquire, having asked permission to sell such properties, a public hearing having been held and the Commission being of the opinion that the supplemental application filed on October 10, 1921, should be granted subject to the conditions of this order;

IT IS HEREBY ORDERED, that SONOMA VALLEY WATER, LIGHT AND POWER COMPANY; SONOMA CITY WATER WORKS and SONOMA VISTA WATER COMPANY be, and they are hereby, authorized to sell their properties described respectively in Schedules 1, 2 and 3 attached hereto, to SONOMA WATER AND IRRIGATION COMPANY.

IT IS HEREBY FURTHER ORDERED, that SONOMA WATER AND IRRIGATION COMPANY be, and it is hereby, authorized to purchase the properties described in Schedules 1, 2 and 3 attached hereto and to issue \$40,000.00 of common stock and \$100,000.00 of 8 per cent. cumulative preferred stock.

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

- 1.-- The preferred stock herein authorized to be issued shall be sold by Sonoma Water and Irrigation Company, for cash, at not less than \$80.00 net to the company.
- 2.-- The common stock herein authorized to be issued, together with \$10,000.00 obtained from the sale of preferred stock, when the expenditure of said \$10,000.00 is hereafter authorized by the Commission, shall be

delivered to the Sonoma Valley Water, Light and Power Company in full payment, free and clear of all encumbrances, for its properties more fully described in Schedule "I", attached hereto.

3.-- Of the proceeds realized from the sale of preferred stock, the company may expend for commission or brokerage fees and organization expenses, an amount equal to 20 per cent. of the par value of the stock, assuming that the stock is sold at par or more. If the stock is sold for less than par, the amount that may be expended for commission or brokerage fees and organization expenses shall be limited to the difference between the selling price of the stock and 80. Commission or brokerage fees may be paid only in proportion to the amount of cash actually paid by stock subscribers. All proceeds, other than the amount which is herein permitted to be expended, must be deposited by the Sonoma Water and Irrigation Company in a bank or banks and not expended for any purpose other than that hereafter authorized by the Railroad Commission. All expenses, such as the cost of advertising, traveling expenses, printing prospectuses, . etc., <sup>incident</sup> to the sale of the stock, as well as the usual organization expenses, must be paid out of the allowances for commissions or brokerage fees or organization expenses.

4.-- Sonoma Water and Irrigation Company shall file with the Commission the name and the postoffice address of each stock subscriber, together with the amount of stock subscribed, the price at which the subscriber has agreed to purchase the stock and the payment made by each stock subscriber; such information to supplement the reports called for by the Commission's General Order No. 24.

5.-- Sonoma Water and Irrigation Company shall file with the Commission a copy of its prospectus, if any is printed or distributed, a copy of its stock subscription agreement, and a copy of each and every agreement under the terms of which any individual or individuals are employed to act as agent or salesman for the company to sell the stock herein authorized. The stock subscription agreement shall contain a provision to the effect that the company agrees to return to the subscriber, in the event not enough stock can be sold to carry out the company's plans, the amount paid by any stock subscriber, less the commission or brokerage fees and organization expenses allowed by the Railroad Commission, and less such other expenses as the Railroad Commission shall authorize the company to pay.

On each stock subscription agreement and on any prospectus distributed by Sonoma Water and Irrigation Company, shall appear this language:

"While the Railroad Commission has authorized the issue and sale of this stock, its order is permissive only and does not constitute a recommendation or endorsement of the stock."

6.-- Sonoma Water and Irrigation 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.

7.-- The authority herein granted will apply only to such stock

as may be issued, sold and delivered on or before  
March 1, 1922.

IT IS HEREBY FURTHER ORDERED, that the order in  
Decision No. 9453, dated August 31, 1921, be, and it is hereby,  
vacated and set aside.

The foregoing Second Supplemental Opinion and  
Order are hereby approved and ordered filed as the Second Supple-  
mental Opinion and Order of the Railroad Commission of the State  
of California.

DATED at San Francisco, California, this 31<sup>st</sup>  
day of October, 1921.

H. B. Judice  
J. L. Loveland

Charles H. Jones  
W. B. Benedict

Commissioners

The properties which Sonoma Valley Water, Light and Power Company intends to sell and which it is authorized to sell by the order of the Railroad Commission of the State of California, preceding this schedule, are described by the company as follows:

SCHEDULE I

THIS INDENTURE, Made the                    day of October, one thousand nine hundred and twenty-one, BETWEEN, Sonoma Valley Water, Light and Power Company, a corporation organized and doing business under the laws of the State of California, and having its principal place of business at Sonoma, Sonoma County, California, the party of the first part, and Sonoma Water and Irrigation Company, a corporation organized and doing business under the laws of the State of California, and having its principal place of business at Sonoma, Sonoma County, California, the party of the second part,

WITNESSETH: That the said party of the first part in consideration of the sum of Ten and 00/100 (\$10.00) Dollars, lawful money of the United States, to it in hand paid, by the said party of the second part, the receipt whereof is hereby acknowledged, does by these presents grant, bargain and sell, unto the said party of the second part, all those certain lots, pieces or parcels of land situate in the County of Sonoma, State of California, and bounded and described as follows, to wit:

All the real property described in that certain deed dated September 11, 1912, from Yalupa Land & Water Company, a corporation, to L. L. Lewis, and recorded in the office of the Recorder of said County of Sonoma, on the 19th day of September, 1912, in Liber 302 of Deeds, on page 182;



also all the real property described in Deed dated September 11, 1912, from L. L. Lewis to Sonoma Valley Water, Light & Power Company, a corporation, and recorded in the office of the County Recorder of said Sonoma County, on the 19th day of September, 1912, in Liber 302 of Deeds, at page 184.

Also that certain lot, piece or parcel of land situated in the County of Sonoma, State of California, and bounded and described as follows, to wit:-

COMMENCING at a point at the Northwest corner of the Lewis Tract, Subdivision A, as same is laid down and delineated upon that certain map of the Lewis Tract, as recorded in the office of the Recorder of the County of Sonoma, State of California, on December 21st, 1910, in Liber 21 of Maps, at page 19; thence due West 2190 feet; thence at right angles due North, 4271 feet; thence at right angles due West 601 feet; thence South  $89^{\circ} 30'$  West, 1712.7 feet; thence South  $84^{\circ} 15'$  West, 1008.5 feet; thence South  $17^{\circ} 15'$  West, 50 feet; thence South  $54^{\circ} 30'$  East, East 188.8 feet; thence South 130.7 feet, thence South  $5^{\circ}$  East, 120.8 feet; thence South  $42^{\circ} 45'$  East, 100 feet; thence South  $26^{\circ} 15'$  East, 142 feet; thence South  $7^{\circ}$  West, 118.8 feet; thence South  $39^{\circ} 45'$  East 108.2 feet; thence South  $17^{\circ} 30'$  West, 175 feet; thence South  $22^{\circ}$  East, 240.2 feet; thence South  $42^{\circ} 15'$  East, 161.7 feet; thence South  $3^{\circ} 30'$  West, 180.8 feet; thence South  $12^{\circ}$  East, 184.8 feet; thence South  $20^{\circ}$  East, 169 feet; thence South  $39^{\circ} 30'$  West, 257.4 feet; thence South  $30^{\circ}$  East, 154.4 feet; thence South  $4^{\circ}$  East, 295 feet; thence South  $45^{\circ} 15'$  East, 184.8 feet; thence South  $60^{\circ} 15'$  East, 277.9 feet; thence South  $41^{\circ} 45'$  East, 140.6 feet; thence South  $46^{\circ} 45'$  East 130 feet; thence South  $18^{\circ} 15'$  East, 171 feet; thence South  $75^{\circ} 15'$  East, 179.5 feet; thence South  $54^{\circ} 45'$  East, 160.5 feet; thence South  $46^{\circ} 15'$  East, 266.6 feet; thence North  $74^{\circ} 15'$  East, 185.5 feet; thence South  $24^{\circ} 15'$  East, 238.3 feet; thence South

44° 45' East, 175.6 feet; thence South 60° 45' East, 292.4 feet; thence South 70° 15' East, 145.2 feet; thence South 34° East, 696.3 feet; thence South 34° 45' East, 971.5 feet; thence due East 2190 feet; thence at right angles due North, 1100 feet to the place of beginning; containing in all 304.5 acres. Being a portion of Petaluma Rancho, in township 5 North, Range 6 West, M. D. M., and lying and being in the County of Sonoma, State of California, near the town of El Verano.

ALSO EXCEPTING, all those certain lots, pieces or parcels of land situate, lying and being in the County of Sonoma, State of California, and decded by Sonoma Valley Water, Light & Power Company, on August 20th, 1920, to R. J. Dowdall, containing 10 acres of land, more or less.

ALSO, the following described real property, recorded in Book 402, at page 494, Sonoma County Records, and described as follows;

Commencing at an iron pipe, being the Northwest corner of Lot forty-nine (49) Subdivision of the Lewis Ranch, as shown in Book 27 of Maps, page 21, Sonoma County Records; thence along the Northerly line of the land of Theodore Umsladem, to a fence East of Biggins; thence South along the said fence to the Southwest corner of the property of the Sonoma Valley Water, Light & Power Company; thence East to a point at the junction of the property of the Sonoma Valley Water, Light & Power Company, and Mrs. J. Oliver and Edna Hoen; thence North along the westerly boundary of the Oliver and Hoen property to the reservoir of the Sonoma Valley Water, Light & Power Company; thence North 34° 51' East, 251.20 feet to an iron pipe; thence North 47° 28' East 293.50 feet to an iron pipe; thence North 53° 14' West, 450.60 feet to the place of beginning, containing 20 acres, being part of the Petaluma Rancho, Sonoma County, California.

TOGETHER WITH THE tenements, hereditaments and appurtenances belonging thereto, or appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

#### FRANCHISES.

1. A fifty-year franchise, dated in 1910, from the County of Sonoma, granting the right to lay mains, laterals and all connections necessary for the distribution of water over any County highway for a distance of five miles in any direction from the Southern Pacific depot at El Verano.

2. A fifty-year franchise, dated 1910, from the incorporated City of Sonoma, granting permission to lay mains, laterals and all necessary connections to distribute water over the streets of the City of Sonoma.

#### PERSONAL PROPERTY

One-half mile of 8 inch casing and 1/2 mile of 4 inch wood stave pipe leading to the storage reservoir.

One-half mile of 8 inch casing and 3 1/2 miles of 8 inch wood stave pipe leading into and through the town of Sonoma; three miles of 4 inch wood stave pipe; one mile of 2 inch cast-iron pipe; three hundred (300) feet of cast-iron pipe.

Together with connections and laterals for about 175 consumers.

All other improvements not heretofore listed; all fencing of any character and all other property owned by the Sonoma Valley Water, Light and Power Company, and used and useful in the conduct of their water utility business.

#### REAL PROPERTY

Commencing on the Westerly line of Salvador Street

150 feet South of the intersection of Salvador and Turkey Streets; thence South on the Westerly line of Salvador Street, 50 feet; thence at a right angle West 150 feet; thence at a right angle North 50 feet; thence East at a right angle 150 feet to the point of beginning, being part of lot 14.

TO HAVE AND TO HOLD, the said premises, together with the appurtenances, unto the said party of the second part, and to its successors and assigns and grantees forever in fee simple.

IN WITNESS WHEREOF, the party of the first part, by resolution of its Board of Directors has caused its President to sign its corporate name hereunto, and its Secretary to affix its corporate seal the day and year first above written.

\_\_\_\_\_  
SECRETARY.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
PRESIDENT.

The properties which Mrs. Maria V. Cutter and Mrs. Luisa V. Emparan, doing business under the name of Sonoma City Water Works, are permitted to sell by the order of the Railroad Commission of the State of California preceding this schedule are by them described as follows:

SCHEDULE II.

Description of the tract of land sold by Mrs. Luisa V. Emparan and Mrs. Maria V. Cutter, owners in common of said tract, to the Sonoma Water and Irrigation Company, lying and being within what is known as the Pueblo of Sonoma, County of Sonoma, and State of California, and more particularly described as follows, to-wit:

Commencing at a point marked by an iron pin driven in the ground, within the enclosed premises immediately adjoining and surrounding the former residence of General M. G. Vallejo, in the town of Sonoma; and from which point the N. W. corner of the main building of said residence is in a S. E. direction and distant  $47\frac{1}{2}$  feet and the S. E. corner of the pumping station house on said premises is N. W.  $27\frac{3}{10}$  feet distant. Thence from said iron pin by true courses, the magnetic variation being  $17^{\circ} 45'$  E. N.  $13^{\circ} E$ .  $121\frac{1}{2}$  feet to a point marked by an iron pin driven in the ground and from which a buckeye tree, eight inches in diameter, is N.E. 18 inches distant, thence N.  $2^{\circ} 30'$  E. 246 feet thence S.  $87^{\circ} 30'$  E. 320 feet, thence N.  $2^{\circ} 30'$  E. 175 feet, thence N.  $87^{\circ} 30'$  W. 560 feet, thence S.  $2^{\circ} 30'$  W. 541 feet, thence S.  $87^{\circ} 30'$  E. 213 feet to the point of beginning, containing  $4\frac{41}{100}$  acres of land.

Also an easement for a right--of-way over a strip of land 30 feet wide, the center line of which strip is described as follows:

Commencing at a point which is S. 2° 15' E. and 15 feet distant from the S. W. Corner of the above described tract. Thence S. 2° 30' W. 122 feet, thence S. 87° 30' E. 312½ feet to the West line of the main avenue leading to the said enclosed premises, and terminating at this point. Also the right of way over and along said avenue. Also rights of way over the premises belonging to the parties of the first part, whenever it may be necessary to the improvement or repair of the system of water works belonging to the parties of the second part hereto, providing the parties of the first part hereto, are fully and satisfactorily compensated for any damage thereby caused. Also all buildings and improvements located thereon.

#### RESERVOIR

Reservoir 22x48 feet at the bottom, 24x50 feet at the top, 10 feet deep, capacity 84,322 gallons. Said reservoir is constructed of stone and is located on parcel "C".

#### PUMPING PLANT AND EQUIPMENT

One 60 horsepower gasoline engine.

Two electric motors 25 horsepower each, complete with all electric equipment, including switches, wiring, auto starters, etc.

Two five inch centrifugal pumps, delivery pipes, fittings and valves.

Miscellaneous tools and equipment.

Said pumping plant is located on parcel "A".

#### TRANSMISSION MAINS

One hundred seventy feet of 8 inch standard wrought steel pipe.

One thousand eight hundred twenty five feet of 6 inch rivited steel pipe to the north line of Spain street in said city of Sonoma, the point of beginning of the distributive system.

Also all gate valves, air valves, tees, elbows and other fittings and appliances on transmission mains.

#### DISTRIBUTIVE MAINS

Four thousand two hundred thirty-five feet of 6 inch rivited steel pipe.

Four thousand eight hundred sixty feet of 4 inch rivited steel pipe.

Four thousand seven hundred ninety feet of 5 5/8 inch dipped casing.

Five thousand nine hundred eighty-five feet of 3 1/2 inch dipped casing.

Six thousand six hundred sixty feet of 2 inch galvanized pipe, all in place and connected up with said water plant.

Also all pipe fittings and specials on said distributive system.

Two redwood tanks on concrete foundation, each capacity of 25,000 gallons.

Also all inlet, outlet and connecting pipes, valves, fittings, etc., for those tanks.

Also, all miscellaneous tools and equipment.

Also, all meters and their boxes.

MISCELLANEOUS.

All other improvements not heretofore listed;  
all fencing of any character and all other property  
owned by Luisa V. Emparan and Maria V. Cutter, and used  
and useful in the conduct of their water utility business.



The properties which Sonoma Vista Water Company intends to sell and which it is authorized to sell by the order of the Railroad Commission of the State of California preceding this schedule are described by the company as follows:

SCHEDULE III.

REAL PROPERTY

Lots 1, 2, 3 and 4 in Block two of the Riverside Addition to the Sonoma Vista Tract, as set forth in the Official Map of said Tract and recorded in the office of the Recorder at Santa Rosa, Sonoma County, State of California; together with a house and all improvements.

PERSONAL PROPERTY.

The entire Water System, including pumping plants, pipes, mains, rights of way, and all other connections, etc., which belong and are a part of said system.