

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of)
 A. A. Weber, and Alta District Gas)
 Company, for (1) Sale of Dinuba Gas)
 Plant, (2) Order of Public Con-)
 venience and Necessity for Reedley) Application No. 663.
 and Dinuba, (3) Order that Alta)
 District Gas Company issue stock, and)
 (4) Order authorizing Alta District)
 Gas Company to issue first mortgage)
 securities or bonds.)

Edwards and Smith for applicant.

EDGERTON, Commissioner.

O P I N I O N

This is an application by A. A. Weber and Alta District Gas Company, a corporation, for the following:

1. An order authorizing A. A. Weber to sell to Alta District Gas Company a gas generating and distributing plant and franchises issued by the City of Dinuba and the City of Reedley in consideration of the issuance to said A. A. Weber by said Alta District Gas Company of \$35,000 par value of its capital stock.
2. An order authorizing Alta District Gas Company to issue \$35,000 par value of its capital stock in exchange for the gas plant and franchises above mentioned.
3. An order authorizing Alta District Gas Company to exercise rights and privileges under franchises heretofore granted by the Cities of Dinuba and Reedley.
4. A certificate that public convenience and neces-

sity require the construction and operation of a gas plant in certain portions of the Counties of Tulare and Fresno, and the City of Reedley.

5. An order authorizing Alta District Gas Company to exercise rights and privileges under franchises from the Counties of Tulare and Fresno, preliminary to the granting of such franchises.

6. An order authorizing the Alta District Gas Company to issue a promissory note in the principal sum of not to exceed \$20,000, with interest thereon at a rate not to exceed seven per cent per annum, and to mortgage and encumber its property to secure the payment of said \$20,000, said money to be used for the purpose of constructing a gas distributing plant in the City of Reedley, and a main connecting the Dinuba plant with the plant to be constructed in Reedley.

A. A. Weber has heretofore obtained from this Commission a certificate that public convenience and necessity require the construction and operation of a gas plant in the City of Dinuba, and an order authorizing him to exercise rights and privileges under a franchise from the City of Dinuba, applied for but not then granted. Proceeding under this authorization, Weber has constructed a gas generating and distributing system in the City of Dinuba, and has obtained a franchise from said city for such purpose, and we are now asked to issue a final order authorizing the exercise of rights and privileges under this franchise.

Weber has obtained a franchise from the City of Reedley, permitting him to construct and operate a gas plant in that city, and he contemplates obtaining from the counties of Tulare and Fresno a franchise permitting him to construct and operate a gas main connecting with his Dinuba plant and running through the counties to his Reedley plant, and we are

asked to authorize the exercise of rights and privileges under the Reedley franchise now granted and under franchises expected to be granted by the counties of Tulare and Fresno.

There has been organized the Alta District Gas Company, a corporation, with \$45,000 capital stock, and it is proposed to turn the Dinuba gas plant over to this corporation, together with the Dinuba and Reedley franchises, and thereafter to operate the Dinuba and Reedley plants and the connecting main by this company. We are asked to permit the payment of \$35,000 par value of this company's stock for the above mentioned existing Dinuba plant and the Dinuba and Reedley franchises.

The gas service proposed to be provided for Reedley and intervening territory between Reedley and Dinuba in the counties of Tulare and Fresno is much needed. No gas is now served in any part of this territory except by applicant in Dinuba and the service of gas thereto would be of great benefit.

It appears that the plant installed by Weber at Dinuba is reasonably worth the sum of \$30,000, but applicant originally requested the issuance of \$30,000 par value of stock in exchange for this plant and these franchises, and in addition, \$7,500 par value of stock by way of compensation to Weber and his associates for financing, promoting and constructing the plant. At the hearing this \$7,500 of stock was cut down to \$5,000. I do not think it necessary to consider whether or not \$5,000 of stock could be issued by way of payment for services rendered, because I believe that the issuance of 35,000 shares of stock in exchange for the plant of a value of at least \$30,000, which is practically a sale of the stock on a basis of about 85 per cent of par, is reasonable.

The franchises obtained in Dinuba and Reedley provide that the maximum price for gas sold thereunder shall not be more than \$1.25 per thousand. It is stated that the application to be made to the county authorities for franchises

in Tulare and Fresno counties will also contain the \$1.25 per thousand feet maximum price.

I recommend that the application be granted, and submit the following form of order:

O R D E R

Application having been made to the Railroad Commission of the State of California by A. A. Weber and Alta District Gas Company for orders and certificates, as enumerated in the foregoing opinion, and a public hearing having been held, and it appearing to this Commission that said application should be granted,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California, as follows:

1. A. A. Weber is hereby authorized to sell to Alta District Gas Company that certain gas generating and distributing plant and appurtenances located in the City of Dinuba, a detailed description of which said plant is on file with the application herein, and marked "Description of Dinuba gas plant", together with a franchise heretofore granted said A. A. Weber by the City of Dinuba and one by the City of Reedley, and said Alta District Gas Company is hereby authorized to purchase said plant and said franchise and in consideration therefor, to issue and deliver to said A. A. Weber or order, \$35,000 par value of its capital stock, provided that all of said property shall be delivered to said Alta District Gas Company free and clear of encumbrances.

2. Alta District Gas Company is hereby authorized to exercise rights and privileges under a franchise heretofore granted by said city ^{of Dinuba} to said A. A. Weber, and rights and privileges under a franchise heretofore granted by the City of Reedley to said A. A. Weber, copies of both said franchises, being

on file with the application herein.

3. IT IS HEREBY FURTHER ORDERED that this Commission will, upon presentation to it of a franchise for the construction and operation of a gas main located in the counties of Tulare and Fresno and connecting the gas plant now established in the City of Dinuba and the gas plant to be constructed in the City of Reedley, duly granted by the counties of Tulare and Fresno to said Alta District Gas Company, and satisfactory in form and terms to the Railroad Commission of the State of California, issue its certificate that public convenience and necessity require the exercise of rights and privileges under said franchises.

4. IT IS HEREBY FURTHER ORDERED that public convenience and necessity require that said Alta District Gas Company construct and operate in the counties of Tulare and Fresno a gas main connecting the gas plant in the City of Dinuba with a gas distributing system to be constructed in the City of Reedley, and further, that public convenience and necessity require that said Alta District Gas Company construct, maintain and operate a gas distributing system in the City of Reedley.

5. The Alta District Gas Company is hereby authorized to issue its promissory note in the principal sum of not to exceed \$20,000, with interest thereon at a rate not to exceed seven per cent per annum, payable within five years from its date, and said Alta District Gas Company is further authorized to mortgage its property for the purpose of securing the payment of said promissory note, provided that said money shall be used solely for the purpose of constructing a gas distributing system in the City of Reedley and a gas main connecting the gas plant in the City of Dinuba with said distributing system in the City of Reedley, and provided, further, that before any of said money shall be spent there shall be submitted for the approval of this Commission detailed plans

and estimates showing the plant and the probable cost thereof, which it is proposed to install as above described.

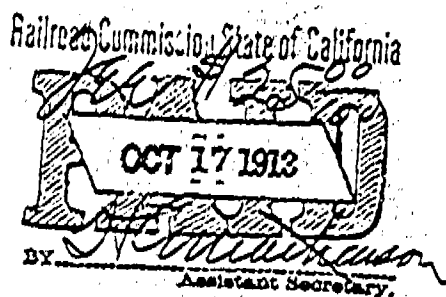
6. Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds from the issuance of said promissory note hereby authorized to be issued, and on or before the 25th day of each month the company shall make a verified report to the Commission in accordance with the Commission's General Order No. 24, stating the terms and conditions of the issuance of said promissory note, the moneys realized therefrom and the use and application of such moneys.

7. The authority hereby given to issue such promissory note shall apply only to a note issued by said company on or before the 1st day of April, 1914.

8. Immediately upon making the transfer of stock above authorized, report shall be made to this Commission showing the details of such transactions.

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 23rd day of September, 1913.



W. H. Gordon

Max Thelen

Edwin O. Edgerston

Commissioners.