John M. Eshleman, President, El Centro
Third District

H.D.Loveland, San Francisco
Second District

Alex Gordon, Sacramento
First District.

Max Thelen,
Attorney

Charles R. Detrick
Secretary

H.H.Sanborn
Rate Expert.

RAILROAD COMMISSION
of the
State of California
833 Market St.

San Francisco, Cal. April 13, 1912.

Mr. Ed. Fletcher,

Volcan Water Company,

San Diego, Cal.

Dear Sir:-

This Commission's attention has been drawn to dam which is being constructed by Volcan Water Company at Warner's Ranch in the valley of the San Luis Rey River, about 40 miles above Oceanside. Kindly advise the Commission as to the work which is being done here, with dates of the commencement and prosecution of the work and the general plan which you have in view. The Commission desires to assure itself that the necessary consent, if any is needed with reference to the different features of this work, be secured from the Commission.

Respectfully,

RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

By Charles R. Detrick
Secretary

C O P Y

JOHN M. ESHLEMAN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
MAX THELEN, COMMISSIONER, ATTORNEY

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Railroad Commission
of the
State of California

TENTH FLOOR, COMMERCIAL BUILDING
833 MARKET STREET
SAN FRANCISCO

CHARLES R. DETRICK, SECRETARY
H. H. SANBORN, RATE EXPERT
R. A. THOMPSON, CHIEF ENGINEER
H. C. HAZZARD, SERVICE EXPERT
L. R. REYNOLDS, AUDITOR

TELEPHONE—SUTTER 2260

August 28, 1912.

Mr. Ed Fletcher,
1548 D Street,
San Diego, Cal.

My dear Mr. Fletcher:-

I wish to acknowledge receipt of yours of the 26th inst. in the matter of the application of San Diego, Riverside and Los Angeles Railway Company for permission to issue bonds of the face value of eight million dollars in connection with their proposed line of railway.

This Commission is receiving a large number of letters such as the one you wrote. As you know, it is the policy of the Commission to do everything in its power to encourage the development of the state by means of public utility enterprises. On the other hand, it is our duty to make careful investigation into the facts in order to be sure that some of the evils of stock and bond issues which have heretofore obtained in this state may not taint enterprises which we authorize. It may well be that a certain utility is necessary, but at the same time, the particular people who come before us in that connection may not place before the Commission a legitimate financial proposition. For that reason the Commission must consider not merely the necessity of the project but also the facts in connection with the promoters, particularly the precise financial proposition which they present to the Commission. In this case as in all others we shall make a careful investigation ~~into~~ in order to get at the real facts.

With kind regards, I remain,
Sincerely,
Max Thelen
Commissioner.

MT/E

November 27, 1914.

Mr. Max Thelan,
% Railroad Commission,
833 Market St.,
San Francisco, Cal.

My dear Mr. Thelan:-

Enclosed find clippings that are explanatory. The City of San Diego have gone bughouse and I know for a fact that they are going to spend thousands of dollars litigating and are determined to get the Cuyamaca system. For nine long months they made a jackass out of me by stringing us along. We made every inducement to them to buy the Cuyamaca system and now that we have sold it to others, they see its value. Since we signed up with the La Mesa Irrigation District, they have unofficially informed me that they will pay $150,000 in excess of any valuation the Railroad Commission of the State may put on our property and when I told them that there was nothing doing, that the deal was closed with the District, they immediately proceeded to get busy. The result is that I know it will be two or three years at least before we can do anything and Murray has refused to put up any more money. We must have our rates increased. We are not taking in enough to pay operating expenses and for the love of heaven, don't fail to have that rate hearing case on the 29th of December as scheduled. I telegraphed you along these lines today.

Yours very truly,

HF-BK

Enclos.

Jan. 10, 1915.

Railroad Commission
of the State of California,
833 Market,
San Francisco, Calif.

Attention Pres. Max Thelen.

Gentlemen:

Enclosed find copy of letter which is explanatory.

The La Mesa Irrigation District directors are very bitter on account of the intervention of the City, and if they do repudiate their agreement with us in the matter of agreeing on quantities or furnishing us with the data that is now in their possession which we are rightfully entitled to, and one-half of which we have paid for, then it means a continuation of the hearing on the 15th of February, for it is utterly impossible for us to prepare the case by that time and secure our quantities.

On the other hand, if we could furnish a statement to the City of San Diego of the quantities now, and let them check it up, we would be all be ready for the hearing on the 15th of February. It will only take three days' work to finally complete all our engineering and quantities if the La Mesa Irrigation District will live up to its obligation.

We request that you write a letter to the La Mesa Irrigation District in this matter, or send one of your men down here to straighten out the tangle. I am sure Mr. Hawley or Mr. Armstrong could be of great service to all parties in interest, if you could see your way clear to send one of them here immediately.

The writer will be in San Francisco Monday the 18th and call upon you.

Yours very truly,
CUYAMACA WATER COMPANY

July 16, 1915.

Mr. Max Thelen,
President of the State Railroad Commission,
San Francisco, Calif.

My dear Mr. Thelen:

I tried to see you at Willitts when I was therr, but found you out of town. I also thought to see you in the San Francisco office in relation to your decision on the Cuyamaca.

To say that I am surprised at the decision is putting it mildly. I shall ask for a rehearing, and I secured an extension of ten days while in San Francisco in which to file an application. In your attempt to give us back our money and eight per cent interest, you have failed, as will be shown in our petition for a rehearing, and you have overlooked entirely the fact that the bonds of the district are not worth over 80 or 85¢ on the dollar; that while the Modesto Irrigation District with $20,000,000 worth of assets have just bonded itself for a few hundred thousand dollars, they have had to sell their bonds for ninety, with a twenty to one security. The Cuyamaca Company's bonds, covering the cost of the whole system, cannot be worth anything like that price.

In theory, you gave us our money back and eight per cent interest. But the facts are that we lose fifteen per cent of our principal if we should attempt to sell our bonds.

I am put in a very embarassing position. I frankly admit that I cannot understand your decision, and the very lowest valuation that I could possibly see that you could give us is $1,125,000. In fact that was the estimate put on it by Mr. Cosgrove, the city attorney of San Diego, before the decision was rendered.

I shall not allow any personal feeling to enter into this matter, and the only criticism I have to make is your judgment. You fail to appreciate the fact that Murray and I worked for three years without a dollar of salary being paid us; and that had we put our money into anything else but this water project we would have been ahead of the game. I have given the best five years of my life to the development of this Cuyamaca system. The system cost over $1,000,000 to build, and we took it over at a time when you or any court could not have forced the British bondholders to put a dollar into its development. Our putting the sum of a half million dollars into this system has saved that country from ruin, as you know.

You referred to our private ownership of lands in connection with this water system. It seems you are not aware of the fact that we have sold no lands excepting a few isolated lots; that Grossmont has seven inches of those so-called water right contracts, and Mr. Murray about five inches, but neither one of us has ever used the amount of water that we have been entitled to under those old rights. We have particularly refrained from selling any real estate during the time we have held the system.

I am in a position that is not enviable, as I will explain to you in person.

I sincerely hope that you will seriously consider our application for a rehearing and the presentation of facts made at that time.

Very sincerely yours,

F-S

July 27, 1915.

Personal

Mr. Max Thelen, President,
Railroad Commission State of California,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

I am in receipt of yours of July 22nd, and contents noted, I am certainly interested in your statement that your finding is the value of the property in cash and not in bonds.

It is true that we agreed to take 6% bonds at par from the District. That contract was introduced in evidence at the trial and was a matter for your consideration in making your final decision as to what price we were to get. We are satisfied that the bonds of the District cannot be sold at over 80 or 85¢ on the dollar, and the best evidence of this is that the Modesto Irrigation District, with assets twenty to one, have had to sell their bonds at 90.

It would be an entirely different matter if we had not put cash into this proposition from the beginning, but had bonded ourselves and had sold the bonds with which to make these improvements, but the fact remains that you have determined a value of $745,000 which you say is the cash value; that the bonds cannot be sold for over 80¢ on the dollar; and in the final analysis we lose 20% of our principal if the bonds are put on the market and sold today. The Railroad Commission in a hundred decisions have allowed the bonds to be sold at from 85 to 90¢ on the dollar for public utilities, yet in this case we are made the goats, and compelled to suffer.

I have had to borrow from Mr. Murray over $80,000, and am paying as high as 8% interest for some of it. The notes are overdue, and liable to be called at any time, and I must immediately take my bonds and turn them into cash. It is possible that Mr. Murray will let the notes run for a reasonable length of time, but in the long run he wants his money. He is liable to die at any time, and the estate will demand the payment of those notes. Now, you know that it is unreasonable for me to ever expect to be able to sell my bonds at 100¢ on the dollar, or anything like it.

Without any feeling of malice, I make the statement that I cannot understand why you did not see our point of view, and give us a higher valuation for our property, knowing and admitting as you did, that we had put in actual cash and eight per cent interest over $700,000 into this proposition.

The records plainly show that for three years Mr. Murray and I never got one cent for our labor and trouble. If it had not been for our shoveling a half million dollars into that property and improving the system, it would have been ruination to the property owners under the Cuyamaca system. For all of this, we get nothing - not even our money back, because we are forced to sell the bonds at a price which nets a loss, together with the loss of five of the best years of my life.

It is true that I sold Mr. Henshaw half of my interest in the Cuyamaca system, but the total amount that he ever paid me on my contract is $6000, and my relations with him are such that it is unfair or unjust between man and man that I should attempt to force the payments under that contract, for it means a loss of $20,000 or $30,000 to him, at least.

Kindly keep this letter confidential. I have not hesitated to give you the situation exactly as I see it, for I believe in absolute frankness, and have felt that we were on such friendly terms that we could and should be absolutely frank with one another.

xxxx

August 11, 1915.

Mr. Max Thelen, President,
Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

I am in receipt of yours of August 9th. I wrote you yesterday on this subject.

The only way that I can see out of it is to ask the La Mesa District to leave the question for the Commission to decide. I want to live up to my contract as well as any man living. Your decision is $745,000 in cash, and when you made that decision the contract between the La Mesa District and ourselves was a matter of official record. If we accept $745,000 in bonds, we are losing 20% of our principal, with the bonds at 80, which is not carrying out the order of the Commission, and it certainly was not the intention of the Commission that we should lose 20% of our principal.

If you can give me any more light on this subject, so as to show me the way home, it will be appreciated.

Judge Andrews does not represent the feeling of the La Mesa District. He has done everything he could to break up the sale, but the directors have unanimously turned him down.

Yours very truly,

F-S

Nov. 17, 1915

Mr. Max Thelan,
State Railroad Commission,
833 Market St.,
San Francisco, Calif.

PERSONAL

My dear Mr. Thelan:

In cleaning up my desk I find a letter which I wrote you on October thirty-first - how it got mislaid is more than I know. Enclosed please find same.

I have just been informed by Senator Luce that they cannot fulfil their contract at the present time and have made a counter proposition of taking part bonds and possession of the property immediately, and getting back mortgage. This is a matter that Mr. Murray will have to decide when he comes here in the near future. Last Spring you refused to increase our rates but gave us permission, after November fifteenth, to take the matter up. Cuyamaca Lake today is within six and a half feet of being full and has 27 ft 6 inches of water. La Mesa Lake is within seven feet of being full and has approximately 26 feet of water. We have enought water on hand if it doesn't rain another drop to las for more than a year.

I feel that an injustice has been done the Cuyamaca Water Company. Here we have a ~~waste~~ value, according to your own figures, of $745,000. and the income isn't hardly enough to pay operating expenses say nothing of depreciation or interest on the investment. I know how you feel about the public owning public utilities but private capital and enterprise as well

is still needed and I feel must be taken into consideration otherwise it will be to the great detriment of this state as far as its future development is concerned. There is no personal feeling in this matter. I know that you are sincere and I respect your opinion yet I cannot help but feel that a great injustice has been done the owners of the Cuyamaca Water Company and I believe time will prove it. I want your friendship and advise as I have had it in the past, and if you consider that now is the proper time for us to make an application for the increase in rates I want to recommend it to Mr. Murray at once. An early reply will be appreciated.

Yours very truly,

EF:B

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Railroad Commission of the State of California

CHARLES R. DETRICK, SECRETARY
H. H. SANBORN, RATE EXPERT
RICHARD SACHSE, CHIEF ENGINEER
L. R. REYNOLDS, AUDITOR
P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—BUTTER 2260

TENTH FLOOR, COMMERCIAL BUILDING
833 MARKET STREET
SAN FRANCISCO Nov. 20, 1915.

Ed Fletcher, Esq.,
San Diego, California.

Dear Sir:-

I desire to acknowledge receipt of yours of the 17th inst. enclosing letter which you wrote on August 31, 1915, but did not mail.

The letter of August 31st contains statements with reference to the Commission and to its decision in the Cuyamaca case which are incorrect and unfair. However, as this matter is now ancient history, I shall not refer further to this letter.

I note your statement that Senator Luce has made to you a counter-proposition to take part bonds and possession of the property immediately, with mortgage in return and that this is a matter which Mr. Murray will have to decide when he comes to San Diego in the near future.

If Cuyamaca Water Company and the Irrigation District can agree on some proposition for the taking over of the system by the district, the Railroad Commission will, of course, be pleased. In that event, it would be unnecessary for this Commission to go further into the matter of the rates. The district would thereafter have jurisdiction over this question, at least as to the area within the limits of the district.

Accordingly, you will readily understand that the Commission would prefer not to spend the time and labor necessary to establish the rates if there is any reasonable prospect that the property will be taken over by the district.

I should be glad if you will keep me posted and will advise me after Mr. Murray has passed upon Senator Luce's counter-proposition.

With kind regards, I remain,

Yours truly,
Max Thelen
President.

MT/E

CUYAMACA WATER CO.
FILE No. 84
DO NOT REMOVE
ANY LETTER
FROM THIS FILE.

Dec. 13, 1915.

Mr. Max Thelen,
Pres. Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

Answering yours of the 11th, will say that I am pleased that Mr. Whitney is going to be at the hearing in connection with the El Capitan Damsite.

I am not recovering as well as I should like to from my operation, but hope to be myself again within the next three or four weeks.

With kind personal regards,

Yours very truly,

F-S

CUYAMACA WATER CO.
FILE No. 37
DO NOT REMOVE
ANY LETTER
FROM THIS FILE.

Dec. 16, 1915.

Mr. Max Thelen,
Pres. Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

The City of San Diego owes us something like $6000, for water, and they won't pay it for the reason that the State Railroad Commission have not set a price on water to be furnished to the city. When we entered into an agreement with the city, we told them the price would be 10¢ per thousand gallons, which was the price set for flood waters, by Commissioner Eshleman in his decision. We went on further to say, however, that the price would be 10¢ per thousand gallons or a price set by the Railroad Commission, but in no case would the price be in excess of 10¢ for last year's flood waters. We shall be compelled to bring suit against the city for the $6000 which they owe us, this month.

It does not look like there is any possibility of making a deal with the District. We are preparing application, asking you to make rates for the Cuyamaca Water Company. Will you kindly let me know at your earliest convenience how soon it will be possible for you to establish rates on the flood waters furnished the City of San Diego, and whether this can be done in advance of setting the rates for the entire system. We have just offered to furnish the city with flood waters for this coming year, but they claim to have a supply on hand, and the is no prospect of our being able to sell the city any water.

Yours very truly,

CUYAMACA WATER COMPANY,

F-S

Manager.

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Railroad Commission of the State of California

TENTH FLOOR, COMMERCIAL BUILDING
833 MARKET STREET
SAN FRANCISCO

CHARLES R. DETRICK, SECRETARY
W. P. GEARY, ACTING RATE EXPERT
RICHARD SACHSE, CHIEF ENGINEER
L. R. REYNOLDS, AUDITOR
P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—SUTTER 2260

December 18, 1915.

Cuyamaca Water Company,

San Diego, California.

Gentlemen:-

I desire to acknowledge receipt of yours of the 16th inst. with reference to the payment by the City of San Diego for flood waters secured from your company. Before giving you a further answer to your inquiries, I wish that you would let me have a copy of the agreement between your company and the City of San Diego, including copies of all letters which passed, so that I may be able to have the entire situation with reference to the flood waters before me.

When I receive this information, I shall be glad to write you again.

Yours truly,
Max Thelen
President.

CUYAMACA WATER CO.
FILE No. 37
DO NOT REMOVE ANY LETTER FROM THIS FILE.

MT/E

Max Thelen, Commissioner, President
H. D. Loveland, Commissioner
Alex Gordon, Commissioner
Edwin O. Edgerton, Commissioner
Frank R. Devlin, Commissioner

Charles R. Detrick, Secretary
W. P. Geary, Acting Rate Expert
Richard Sachse, Chief Engineer
L. R. Reynolds, Auditor
P. A. Sinsheimer, Bond Expert
Douglas Brookman, Attorney.

RAILROAD COMMISSION
of the State of California.
etc.

San Francisco, December 30, 1915.

145

Cuyamaca Water Company,

San Diego, California.

Gentlemen:

I desire to acknowledge receipt of yours of the 24th inst., enclosing copies of resolution and correspondence in the matter of the price to be paid by the city of San Diego for flood waters sold by Cuyamaca Water Company, and to thank you for the same.

Referring now to your inquiry as to how soon it will be possible for this Commission to establish rates for the flood waters sold to the city of San Diego, and whether this can be done in advance of establishing the rates for the entire system, I would say that it will not be possible for this Commission to establish rates for flood waters prior to the establishment of the other rates for your system. I have some doubt, in view of your statement that the city of San Diego does not desire to purchase flood waters, as to whether this Commission properly can or should establish rates to be charged for flood waters. The Commission ordinarily does not establish rates for a service which is not being rendered.

As you know, the Commission will not hesitate in the performance of its duty. If your company proceeds with its request that we establish the rates to be charged by your company, we must proceed to take the necessary additional evidence and establish such rates.

You

Copy of Resolution
of Eagle Lake Post

Copy of my letter
offer to City

Last letter
of GCEDP
to City

probably knew, however, that it had been my hope that your company would come to an agreement with either the district or the city of San Diego, and that your property would be sold to the public authorities, thus obviating the necessity of the establishment of rates by this Commission. I think that such a consummation would be far better in the long run for all parties concerned. However, if an agreement cannot be reached between your company and either the district or the city, and if your company desires to proceed with the rate case, this Commission will do its duty without question.

I am sending a copy of this letter to Senator Luce and to City Attorney Cosgrove.

142

Yours truly,

(Signed) MAX THELEN

President.

MT-D

Copy-MMS

January 15, 1916.

Mr. Max Thelen,
President State Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

Sometime ago the Railroad Commission gave us permission to deed our property to the Cuyamaca Water Co., a corporation, in consideration of $600,000 of stock, the entire issue of the corporation, you deciding at that time that in no way would this be considered the value of the property.

Is there any reason why we cannot deed the property to the corporation now, for $600,000 of stock, irrespective of the value of $745,000 which you have put on it?

My understanding is that after deeding the property to the corporation we could, with your consent, issue any amount of bonds (say $1,000,000) for the future development of our property, and that what the capital stock is cuts no figure as to the amount of bonds that can be issued with the consent of the State Railroad Commission. Is this your interpretation of the law?

I believe it is Mr. Murray's intention to deed the property to a corporation at once.

The above is for your personal information.

Yours very truly,

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE
ANY LETTER
FROM THIS FILE.

Manager.

F-S

Form 1204

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, VICE-PRESIDENT BELVIDERE BROOKS, VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT

A110GS AY 39NL

SANFRANCISCO CAL FEB 11 1916

CUYAMACA WATER CO 012

SANDIEGO CAL

WILL CUYAMACA WATER COMPANY BE READY FOR RATE HEARING ON TWENTY FIFTH INSTANT IF SO COMPANY SHOULD IMMEDIATELY SEND TO EACH CONSUMER NOTICE OF TIME AND PLACE OF HEARING IF THIS HAS NOT ALREADY BEEN DONE PLEASE REPLY PROMPTLY

MAX THELEN

908PM

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE ANY LETTER FROM THIS FILE.

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Railroad Commission of the State of California

TENTH FLOOR, COMMERCIAL BUILDING
833 MARKET STREET
SAN FRANCISCO

CHARLES R. DETRICK, SECRETARY
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L. R. REYNOLDS, AUDITOR
P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—BUTTER 2260

Feb. 12, 1916.
App. No.1130.

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE ANY LETTER FROM THIS FILE.

Mr. Ed Fletcher,
Manager,
Cuyamaca Water Co.,
San Diego, Cal.

My dear Mr. Fletcher:-

I have just returned from Washington and find on my desk your letter of the 15th ult. in the matter of a transfer of the property of Cuyamaca Water Company, in consideration of the issue of capital stock of the par value of $600,000.

As no time limit was expressed in this Commission's order of authorization, the permission heretofore granted is still effective.

I observe particularly the paragraph in your letter reading as follows:

> "My understanding is that after deeding the property to the corporation we could, with your consent, issue any amount of bonds (say $1,000,000) for the future development of our property, and that what the capital stock is cuts no figure as to the amount of bonds that can be issued with the consent of the State Railroad Commission. Is this your interpretation of the law?"

While it is entirely true that the new corporation could hereafter issue bonds for new development under this Commission's authorization, it is not accurate to say that the amount of capital stock which has been issued under this Commission's authorization would cut no figure in the matter. For instance, if $100 of capital stock is outstanding against a property worth say, $745,000, the Commission could authorize the issue of more bonds than would be the case if $600,000 of capital stock were outstanding against the same property. The margin of value

against which bonds might issue would be greater in one case than in the other.

In case, however, starting in with an assumed margin of $150,000 of property value over outstanding capital stock and bearing in mind that the proceeds of the new bonds would to that extent add value to the existing property, it is evident that the Commission could consistently authorize the issue of quite a large amount of bonds before the bond issue would be so heavy as to require further moneys to be raised from the sale of preferred or common stock.

With kind regards and good wishes, I remain,

Yours truly,

Max Thelen

President.

MT/E

WESTERN UNION TELEGRAM

Form 260

GEORGE W. E. ATKINS, VICE-PRESIDENT NEWCOMB CARLTON, PRESIDENT BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK

SEND the following Telegram, subject to the terms on back hereof, which are hereby agreed to

San Diego, Cal., Feb. 14, 1916.

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE ANY LETTER FROM THIS FILE.

Max Thelen,
Pres. State Railroad Commission,
833 Market St.,
San Francisco, Cal.

Telegram received. We have received no formal notice from your secretary. Will mail notices today. Take it for granted meeting will be held in Federal Court room.

Cuyamaca Water Co.

Charge Cuyamaca Water Co.

Feb. 17, 1916.

Mr. Max Thelen,
President State Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

I am in receipt of yours of February 12th, and contents noted. I should like to take this matter up with you personally when you come down on the 25th, as I take it for granted you are going to hear the case.

With kind personal regards,

Yours very truly,

CUYAMACA WATER COMPANY,

_____
Manager.

F-S

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE
ANY LETTER
FROM THIS FILE.

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Railroad Commission of the State of California

CHARLES R. DETRICK, SECRETARY
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L. R. REYNOLDS, AUDITOR
P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—BUTTER 2260

TENTH FLOOR, COMMERCIAL BUILDING
833 MARKET STREET
SAN FRANCISCO

Feb. 21, 1916.

App. No. 1231.

Cuyamaca Water Company,

San Diego, California.

Gentlemen:-

I desire to acknowledge receipt of yours of the 16th inst. in the matter of the claim of Cuyamaca Water Company against the City of San Diego. I shall be glad to talk this matter over with you later in the week, when I am in San Diego.

Yours truly,

Max Thelen
President.

MT/E

142

	Earnings	
1912	(9 Month)	15890.63
1913	(12 ")	26598.00 ✓
1914	(12 ")	52299.19
1915	(12 ")	81700.98
		176488.68

	Expenses	
1912	(9 Month)	16914.57 ✓
1913	(12 ")	40775.94 ✓
1914	(12 ")	60556.09
1915	(12 ")	60562.65
		178809.25

- Copy -

March 20, 1916.

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE
ANY LETTER
FROM THIS FILE.

Hon. Max Thelen,
Pres. State Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

I has been absolutely impossible for me to bring the owners of the Cuyamaca Water Co. and the La Mesa Irrigation District together, although I have given the best that there was in me to bring about a settlement to complete the sale of our system to the District.

In the first place, your decision as to valuation; i.e., $745,000, means simply the return of our money invested, and seven or eight per cent interest. And the La Mesa District asks that we take bonds at par in full payment. The only encouragement that we have had from the district is that the people, by a vote, might consider selling us the bonds on the basis of 95.

We consider that the courts would give us a valuation of at least a million and a half or two million dollars for this property, and you can naturally understand why the owners of this system object to taking bonds at par; particularly, when the State Railroad Commission stated that the value of our property is $745,000, in cash.

We fully appreciate the efforts of the Commission, and particularly yourself, in your letter wherein you stated that if cash is not paid us you presumed its equivalent in bonds will be given.

If I remember rightly, you further stated in your letter that we are entitled to $745,000 in cash, not bonds, nor wampum, nor shells.

We have been willing at all times to take $745,000 in cash, but have not felt that we should take it in bonds. It is true that we agreed to sell our system and take bonds at par, but there was a clause in that contract which provided that it was all subject to the approval of the State Railroad Commission. The contract of sale to the District signed by us was submitted in evidence, and before you at the time you made your decision of $745,000 in cash as the value of the system.

The district was to secure the approval of Dillon, Thompson & Clay of the bonds. They did secure a tentative approval on part of the bonds, so I am informed, but before the deal could be consummated a suit was brought by the La Mesa Homes Co. against the district in the matter of their right to make an assessment against their property, and that case is now before the Supreme Court of the State of California for their decision. Therefore, Dillon, Thomson & Clay refused to certify to those bonds, and the owners of this system feel that they are under no obligation whatsoever to go ahead with the contract, particularly as there was a clause in the contract that the sale was to be consummated on or before January 1, 1916. The owners of the system feel that under existing conditions today they would not be justified in taking the bonds at even fifty cents on the dollar.

The La Mesa District have further violated a condition of

that agreement by not having included approximately 1500 acres of land within the boundaries of the district, over which tract of land the owners of the Cuyamaca Water system have no control.

You are probably aware that the City of San Diego has intervened, and has brought suit to condemn our system.

You are also probably aware that the La Mesa Irrigation District has brought suit against us for damages for failure to comply with the contract, or for pacific performance of our contract. There is no question but for five years to come there is going to be continued litigation, both with the City and the District, so far as I can see.

In your decision No. 2525, of June 26, 1915, you stated as follows, in the matter of rate fixing:

> "It is hereby ordered that further consideration of the above entitled proceeding be and the same is hereby deferred until November 15, 1915, at which time the applicants herein, if they are still the owners of their water system without prospect of sale in the immediate future, and if they have rendered full service to their customers during the irrigating season of 1915, may by supplemental petition ask the Railroad Commission to resume its consideration of the above entitled matter, whereupon, after supplemental hearing, the Railroad Commission will render such further order as may seem proper in the premises."

We waited until January, and then made application for increased rates. You denied this application on February 25. Now, the following are the facts which I believe justifies me in saying that you are doing the Cuyamaca Water Co. an injustice by not giving us increased rates and revenues:

In decision No. 536, the Commission gives us a valuation

for rate fixing purposes, as of that date, of $352,500.50 (page 63); although at that time your engineering department gave us a physical valuation on our properties alone (corrected for land values) of $483,134 (See pages 51 and 56), but we were penalized at that time 25% by Commissioner Eshleman, on account of inadequacy of service.

Commissioner Eshleman's decision allowed us a gross income of $66,825.03. But there was an error in that decision in regard to the water right of the El Cerritos Park Company. This water was figured as domestic, at 25¢ a thousand gallons, in error, when it should have been irrigation water. Quoting from page 59 of said decision No. 536, it reads as follows:

> "The 14.5 inches to the El Cerrito Water now paid for at the rate of $30 per inch per annum, at the rate of 25 cents per thousand gallons will yield an increase per inch of $1,152.51, or a total increase of $16,711.50."

I called Commissioner Eshleman's attention to this error immediately after the decision, and he stated that it was an error, and would be corrected at the next hearing. You can readily see that this error alone has cost us a loss of income of over $15,000 annually, for the reason that it was wholly irrigating water and we could only charge $70 per inch instead of $1,152.51, as stated in said decision. It is now three years since this decision, and we have not as yet received any relief. It was our fault, however, for the reason that we never applied for a rehearing, or made an application for increase in rates until about a year ago, since which time the Commission has not seen fit to give us relief.

The valuation of the Cuyamaca system in Decision No. 536 is of date June 1, 1912. Since that time and to March 1, 1916, we have invested in excess of $500,000, including interest, in the improvement, development and maintenance of our system, and during that time no increase in rates has been given us by the State Railroad Commission, although our revenue has been practically the same each year, with the exception of last year, when we sold water to the amount of $34,884.64 to the City of San Diego. We are now selling some water to the City of San Diego, but it is wholly an accident, on account of the damage to the city's system by the recent floods, and the loss of Lower Otay Dam. The city, however, still has a large supply of water on hand, and we are now furnishing them only two or three million gallons of water daily. In a short time their demands on us will cease. We have no reason to suppose that the City of San Diego will buy any more water from us for the next five years to come.

Our operating expenses for 1913 were	$40775.94		
Our total source of revenue and income for that year was.....	26598.88	$14177.06	loss
Operating expenses for 1914.....	60556.09		
Income for 1914.....	52299.19	8256.90	"
		22433.96	"
Operating expenses for 1915.....	60562.65		
Income for 1915.....	81755.98	21193.33	gain
		1240.63	loss

The above shows that we have received no interest on our investment, nothing for depreciation, and have lost $1240.63 for the last three years, on the basis of rates established by the Railroad Commission.

The money we have spent and the improvements we have made have been on the order and under the general supervision of the State Railroad Commission. I refer particularly to the pumping plants installed in the San Diego River; to the reconstruction and the lining of our flume for 32 miles in length, etc.

I certainly feel that the Cuyamaca Water Co., after spending a half million dollars in the development of our system and operating same practically at a loss is entitled to immediate relief. Every month's delay on the part of the State Railroad Commission in giving us increased rates is not alone an injustice to us, but is stopping the development of our system, and that means the development of our back country. I make this statement for the reason that I have just received from Mr. James A. Murray a letter in which he states that he is desirous of building two additional dams and making other improvements to our system. I consider this statement should be taken at its face value, when you consider the amount of money (approximately $500,000) that we have spent (particularly Mr. Murray), in the development of the Cuyamaca Water system, under such adverse conditions the last three years; i.e., lack of income from the property, and financial stringency throughout the country.

You stated as one of your reasons for not giving us increased rates at the last hearing, the probability of the early transfer of this property to the La Mesa Irrigation District, and as the Commission has no control over the irrigation district, they should

be permitted to make their own rates. The fact is, Mr. Thelen, that of our total supply furnished to consumers, only 28.8% of our water goes to residents within the boundaries of the La Mesa Irrigation District. In other words, in any event, if the system were sold to the district, you would be compelled to make rates on 71.2% of the water used. Also, I have been told several times by directors of the district that they would be glad to have the Commission establish rates before the system should be taken over by the La Mesa Irrigation District.

We were 100% efficient in service last year, and with Cuyamaca Reservoir full, as well as a positive assurance of all the rest of our reservoirs being full before the rainy season is over this year, it means a full supply of water for at least three years to come.

Owing to the conditions as above stated, and to the fact that there is endless litigation ahead of us, and over which the State Railroad Commission has no jurisdiction, on behalf of the Cuyamaca Water Co., I respectfully petition you and the other members of the State Railroad Commission to grant our request for a hearing, that equitable rates may be established, as it is the intention of the owners of the Cuyamaca water system to deed their property to a coporation, to issue bonds, and continue the development of their system.

With kind personal regards,

Very truly yours,
CUYAMACA WATER COMPANY,

By E. G. Wade
Manager.

P.S. A copy of this letter has been sent to each member of the Commission.

March 25, 1916.

P. S.

Since writing the above, we wish to call your attention to the fact that our flood damage is between Thirty and Forty Thousand Dollars, while our total sales to the City of San Diego of surplus water amount to approximately Twenty-Five Thousand Dollars to date. We are now furnishing the City only 1,000,000 gallons daily, and the city will shortly be in position to get along without taking any water whatsoever from us. In other words, we don't expect to realize from the sale of water to the city enough to pay for our flood damage.

Yours very truly,

E. Gletcher

E-S

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE ANY LETTER FROM THIS FILE.

April 7, 1916.

CUYAMACA WATER CO.
FILE No. 142
DO NOT REMOVE ANY LETTER FROM THIS FILE.

Mr. Max Thelen,
President State Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

I am in receipt of yours of April 1, and contents noted.

I am sorry to note that you question various statements that I have made in my letter of March 20th. I am surprised at this, and I believe I am in position to prove every statement that I made, for that letter was written after due consideration of all the facts. If there is any statement contained in that letter that is not right, it is an error of the head and not the heart, and I stand ready to make apologies as well, if I am mistaken in any of my statements contained in my letter of the 20th to you.

I never was so wrought up in my life as I am over this matter. I believe that we are entitled to assistance from the commission -- and big assistance -- after what we have done in rehabilitating the Cuyamaca system.

I have lived under that system for twenty years, and know it intimately. I remember the time when for four or five years anywhere from three to six months each year the old San Diego Flume Co. did not give us our supply of water, and property values dropped 80 to 90%. The Villa Caro Ranch, which Mr. J. P. Marshall paid something like $147,000 for, and on which a loan of $90,000 was made by the First National Bank of Chicago, I bought for $10,500, which was less than ten cents on the dollar.

I call your attention to this for the following reason: That you are well aware that the drouth comes here in cycles; and that we have been through a cycle of drouth from 1909 to 1914. We came through remarkably well, and saved that country from going to hell financially; but it cost us a lot of money to do it.

All I ask is that you put yourself in our place -- with a half million dollars invested since you increased our rates -- and the rates that you did give us, through an error, did us an injustice, as admitted by the Commission itself. It seems to me that the time has come when we are entitled to the backing and encouragement of the State Railroad Commission to the limit. I have had the hardest work in the world to keep Mr. Murray

from going into litigation with the Railroad Commission over its decision, and I sincerely hope that the Railroad Commission will grant us relief for two reasons:

1st. Because we are entitled to it.

2nd. Because I don't know of any other man in the State of California who would be willing to put up the money to build two or three more reservoirs, and go ahead with the development of the system, excepting James A. Murray, owing to the fact that there is a greater field for profit in almost any other line than in the ownership of a public utility.

Why, Mr. Thelen, if Cuyamaca Dam, through no fault of ours, had broken last January, we would have been sued for two or three million dollars damages, up and down the San Diego River. What protection have we against a thing of this kind when you only allow us seven per cent on our investment? There are over $1,500,000 worth of suits against the City of San Diego and the Sweetwater Co. to be filed within the next few weeks.

I feel that it is too big a proposition, and the time has not come yet for municipalities to control all their own public utilities. And until such time as we have the proper laws so as to enable municipalities to take over public utilities, we should certainly encourage and give a fair margin of profit to the private individual who is willing to operate a public utility under the jurisdiction of the Railroad Commission.

It was a serious mistake, in my opinion, for Governor Johnson ever to have vetoed that Breed bill, which you and I agreed upon, and which was practically passed by the Senate and Assembly last year. It gave cities the right to bond themselves and own public utilities, irrespective of the fifteen per cent bonding limit. In other words, as the law stands today, a city may own its own water system, which may pay ten or fifteen per cent profit; yet the bonds issued against that water system must be considered in determining the bonding limit of the city. I feel more strongly than ever that any public utility -- a going concern -- paying interest on its investment, depreciation and operation, and fully capable of taking care of itself should not be considered a liability by the city, and penalized as such, but considered an asset. It is only by a bill of this kind that Governor Johnson vetoed last year that a municipality can own all of its public utilities.

I believe, Mr. Thelen, that you appreciate my position and know that I am sincere in every word I say. It may be that I am mistaken in my view of the thing? But I am seeing the other side, and know what I am up against, and I am also in close touch with capital. I have brought approximately $15,000,000 into San Diego to assist in its development, and I can't get a dollar under any conditions for investment in a public utility, except from James A. Murray.

Let us go the limit to get through the next session of the Legislature a bill identical with the one that was vetoed last session. This will enable all cities to own their own public utilities, irrespective of the present 15% bonding limit.

By the way, I have had a conference with President Ripley, and General Manager Wells of the Santa Fe, on the Temecula Canyon matter, and they agreed to put an engineer in the field, and are seriously considering building the railroad to Fallbrook immediately over another line entirely. They spent $67,000 last year in rebuilding through the Temecula Canyon, and three-fourths of that is washed out.

We have offered free rights of way and a guarantee of freight and their chief engineer is now on the ground determining the new route. These last floods have demonstrated the absolute foolishness of attempting to build a railroad up the floor of the San Luis Rey Valley, for water was five feet over the whole valley. We had government engineers measuring the water, and enough water ran past Oceanside into the ocean in twenty-four hours to fill every reservoir in San Diego County. The water rose 10½ feet at Oceanside Bridge before the bridge went out.

At Pala government engineer Olberg, who happened to be there cross-sectioned the stream at Sickler's Mill, and found out that it was 380 feet wide, thirty feet deep and running 68,000 second-feet. We built our tunnels 16 feet above the bed of the stream at Warners Dam. The tunnel is 1080 feet long, and happened to be all concreted from one end to the other, so no damage was done, but the water rose something like 20 feet, and ran through our outlet tunnel at the rate of something like 800,000,000 gallons a day.

Going back to the Santa Fe, will say that I believe that they are going to locate their railroad on high ground half way between Temecula Canyon and the San Luis Rey Valley, and build into Fallbrook immediately -- possibly to Temecula without stopping.

I believe that I did some good in having a personal interview with President Ripley. However, if it had not been for the Railroad

we would not have a show on earth, and San Diego County fully appreciates what the Commission has done to help us out.

With kind regards,

Very sincerely yours,

E-S

Copies to Messrs. Devlin and Sachse.

Received from City of San Diego
for Water furnished
1914 — 160446.24
1915 — 348844.64
509290.88
Leave 1915 - 4,814.19 not paid

May 25, 1916.

Mr. Max Thelan,
State Railroad Commission
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelan:

Enclosed find copy of letter from our attorney, Mr. Stearns, which is explanatory and for your information. My understanding of the matter is that the only question now is one of damages.

Yours very truly,
CUYAMACA WATER COMPANY

By _____
Manager

EF:B

142

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER

ADDRESS ALL COMMUNICATIONS TO
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Railroad Commission
of the
State of California

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W. P. GEARY, RATE EXPERT
RICHARD SACHSE, CHIEF ENGINEER
L. R. REYNOLDS, AUDITOR
P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—SUTTER 2260

June 2, 1916.

Cuyamaca Water Company,

San Diego, California.

Gentlemen:-

I desire to acknowledge receipt of yours of the 25th ult. enclosing copy of letter from Attorney Frederic W. Stearns dated the 23rd ult., with reference to the sustaining of the demurrers in the case of La Mesa, Lemon Grove and Spring Valley Irrigation District vs. Murray and Fletcher, and to thank you for the same.

Yours truly,

Max Thelen
President.

MT/E

142

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
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P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—SUTTER 2260

June 9, 1916.

Cuyamaca Water Company,

San Diego, California.

Gentlemen:-

Was the corporation to take over the property of Cuyamaca Water Company ever incorporated? If so, I would be obliged to you for a copy of the articles of incorporation, together with the date on which they were filed in the office of the County Clerk of San Diego County.

Thanking you for your courtesy in this matter, I remain,

Yours truly,

Max Thelen
President.

MT/E

142

~~445~~ 341

142

June 13, 1916

Hon. Max Thelen,
833 Market Street,
San Francisco, Cal.

Dear Sir:-

We have your letter of June 9th asking for a copy of the Articles of Incorporation of the Cuyamaca Water Company.

We take pleasure in enclosing the copy from which you will notice that the Articles were filed with the County Clerk of San Diego County August 13, 1913.

The property owned by the co-partners, James A. Murray, Ed Fletcher and W. G. Henshaw, who are doing business under the firm name and style of Cuyamaca Water Company, has never been transferred to Cuyamaca Water Company, a corporation. The corporation has issued only 3 shares of Directors Stock and has done no actual business since the incorporation in 1913.

Very truly yours,

Assistant Manager.

FMF:K
Enclos.

MAX THELEN, Commissioner, President
H. D. LOVELAND, Commissioner
ALEX GORDON, Commissioner
EDWIN O. EDGERTON, Commissioner
FRANK R. DEVLIN, Commissioner

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CHARLES R. DETRICK, Secretary
W. P. GEARY, Rate Expert
RICHARD SACHSE, Chief Engineer
L. R. REYNOLDS, Auditor
P. A. SINGHEIMER, Bond Expert
DOUGLAS BROOKMAN, Attorney

Telephone—Sutter 2260

June 17, 1916.

Cuyamaca Water Company,

San Diego, California.

Gentlemen:-

I desire to acknowledge receipt of yours of the 13th inst. enclosing copy of articles of corporation of Cuyamaca Water Company, incorporated on August 11, 1913, and to thank you for the same.

Yours truly,

Max Thelen
President.

MT/E

142

July 11, 1916.

Mr. Max Thelan,
State Railroad Commission
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelan:

I urge that no more extension be given the City of San Diego, or any one else, in the matter of the Cuyamaca Water Co. hearing set for the fifth of August. We have had forty or fifty thousand dollars of flood damages and we are certainly entitled to relief for, as you know, we have put three or four hundred thousand dollars in the development of this system since you last established the rates. I urge you in all fairness as between man and man that we be given relief and at the earliest possible date.

I write this letter for the reason that I understand it is the intention of the City of San Diego to ask for a continuance, and there is no reason why, if Mr Cosgrove is not in San Diego, some other attorney cannot represent the City of San Diego.

Yours very truly,

CUYAMACA WATER COMPANY

By_____

Manager

142

EF:B

July 11, 1916

Mr. Max Thelan,
State Railroad Commission
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelan:

I urge that no more extension be given the City of San Diego, or any one else, in the matter of the Cuyamaca Water Co. hearing set for the fifth of August. We have had forty or fifty thousand dollars of flood damages and our system is not paying operating expenses, and we are certainly entitled to reliefor, as you know, we have put five or ten thousand dollars in the development of this system since you last established the rates. I urge you in all fairness as between man and man that we be given relief and at the earliest possible date.

I write this letter for the reason that I understand it is the intention of the City of San Diego to ask for a continuance, and there is no reason why, if Mr. Cosgrove is not in San Diego, some other attorney cannot represent the City of San Diego.

Yours very truly,

CUYAMACA WATER COMPANY

By_____

Manager

EF:B

142

MAX THELEN, COMMISSIONER, PRESIDENT
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DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—SUTTER 2260

July 15, 1916.

App. No. 1231.

Cuyamaca Water Company,

San Diego, California.

Gentlemen:-

I desire to acknowledge receipt of yours of the 11th inst. and to say that no application has been made for a resetting of the hearing in Application No. 1231, which is now set for August 5th.

If any such application is made we shall bear your request in mind.

Yours truly,

Max Thelen

President.

MF/E

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Personal

July 31, 1916.

Mr. Max Thelen,

National City, Calif.

My dear Mr. Thelen:

I thank you kindly for your letter of July 26th, written to Mr. Cosgrove, copy of which I have just received.

Mr. Murray has not been in San Diego since the first of the year. He refused to put up a dollar to help me finance the Cuyamaca Water Co., even after the floods came, and has repeatedly said he would not put up another dollar for the Cuyamaca Water Co. until he is assured that he will at least get a reasonable interest on his investment. As he owns ten-twelfths of the Cuyamaca system, you can readily see the position that both Mr. Henshaw and I were in. I had to get out and borrow $15,000 on my own personal endorsement to make temporary repairs after the flood, and if it had not been for the city of San Diego buying water and my being able to stave off the creditors, until I could collect the money from the city, the Cuyamaca Water system today would have been in ruins. I never have been in such hell in my life. We still owe somewhere between $30,000 and $40,000, but it is among friends, and they are not pushing us for the money.

Under the circumstances, I don't think you can blame me very much for writing to you as I did, for it has certainly

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been a desperate situation. I wish again to thank you for writing the latter.

Believe me,

Very sincerely yours,

F-S

August 11, 1916.

Mr. Max Thelen,
President of State Railroad Com.,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

Enclosed find clipping from the San Diego Tribune of the 9th, showing statement as credited to Mr. Gordon, and clipping from last night's Tribune, which is my answer.

It may be foolish for me to pay any attention to what is said, but I am very sensitive as to public opinion, and as there are a number of politicians who are insidiously knocking me every chance they can get, the situation has been very trying.

I regretted hearing you make the statement that the equities of the La Mesa Irrigation District case are with the District. If Dillon, Thomson and Clay's approval of the bonds had been secured before the time limit expired, as agreed in the contract with the La Mesa Irrigation District, there is no question but what the District would be in possession of the property today. I am satisfied, although I cannot prove it that the city of San Diego got Judge Boone to bring that suit. I saw the letter from Dillon, Thomson and Clay wherein they stated that they would not certify to the bonds until the

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question was settled, and it was seven months after the time limit of the contract before the Boone suit was settled by the Supreme Court. Therefore, unquestionably, Mr. Murray had the right to use his own discretion in the matter of the sale to the District. I would have much preferred that the system had been sold to the District, as you well know.

In absolutely good faith the Thum property was included in that contract, as part of the property to be taken into the District. Neither by word nor act did I in any way influence the F. & W. Thum Co. not to go into the District; but, on their own initiative, after an investigation, they refused to include their lands within the District, although they had originally signified verbally to me, before I signed the contract with the District, that they would like the lands included, and that is the reason that they were included in the original contract.

This letter is written, in all sincerity, to show you my interpretation of the controversy, and in no manner is intended to offend.

As I testified, I let Mr. Faude outline the plans as a basis for making rates. I do not think his readiness to serve charge is the best method, although it may be. It does seem to me that as far as irrigating rates is concerned, there should be a minimum amount of money - or readiness to serve charge - which they will have to pay whether they use the water or not, but they should be entitled to a certain amount of water for the minimum rate.

I am satisfied that with the increase in rates, some of those who have the old water right contracts, and who are using water for alfalfa, like Jennings for instance, will find it cheaper for them to pump water from their own wells which they now have installed, and will quit taking water altogether. There are others who have water attached to lands that never can raise anything, and it was a foolish thing to ever have applied the water to the land in the first place. Then there are other orange ranches, to which lands water is attached, that are absolutely worthless, in El Cajon Valley, on account of frost.

Practically all of these people who buy water from us have wells in El Cajon Valley. In my opinion, for the next year there will be about enough demand for new water to take care of the amount that would be relinquished by these others who will not pay any increased rates.

We have tried to get some expression from the people of Lemon Grove, for instance, and so far as I have been able to learn less than 2-1/2 inches of additional water will be required to take care of their needs. This will give you some illustration of the situation. With the return of normal conditions, I am satisfied that in two or three years there will be a gradual increase, but it is unavoidable that water that has been foolishly attached to a lot of land under our system must eventually be eliminated.

Believe me,

142

Very sincerely yours,

F-S

Manager.

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
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TELEPHONE—SUTTER 2260

139

August 15, 1916.

I. C. No. 8104.

Cuyamaca Water Company,

San Diego, California.

Gentlemen:-

I am in receipt of a pitiful letter from Felix Barron, R. No. 1, Lot 12, La Mesa Colony, complaining that his house burned down and that he could have saved it if he had had some water, and also complaining of the necessity of staying up late nights to secure a little water for irrigation.

I should be glad to have you advise me with reference to the facts in this case.

Yours truly,

Max Thelen

President.

MT/E

SAN DIEGO, CALIFORNIA,

August 18, 1916.

Mr. Max Thelen,
Chairman State Railroad Commission
State of California,
San Francisco, California.

Dear Sir:-

Complying with your request made while I was testifying at the Federal Building relative to the cost of water per thousand gallons to the City of San Diego, I am submitting herewith three charts showing these costs in detail as taken from data and information secured by me while employed by the City.

I have charted three separate reports as follows:

1. Statement showing cost of water per thousand gallons delivered at University Heights Reservoir based upon the Railroad Commission's findings of values.

2. Statement of cost of water per thousand gallons delivered at University Heights Reservoir based upon data and reports issued by the Auditing and Water Departments of the City of San Diego.

3. Statement of cost of water per thousand gallons delivered at consumers meter based upon data and reports issued by the Auditing and Water Departments of the City of San Diego.

You will please note, I have taken into consideration only the actual costs and have ignored completely all bond redemptions and all transfers of money made during the year 1915. This will consequently reduce the cost proportionately.

The operating department of the City issued a chart showing the cost of water at University Heights as being 7.4 cents per thousand gallons. This, however, only takes into consideration the depreciation, operation and maintenance of the system and makes no allowance for the interest on the investment. The figures given in their chart for operation and maintenance was $50,584.77 on the impounding system alone. On this same chart the cost of water per thousand gallons from the reservoir to the meter is given as 9.6 cents per thousand gallons. Operation and Maintenance is given as $205,748.03 and Depreciation as $92,690.53. Again no allowance is made for transfers of funds, interest on investment and mischarged accounts. The last named item amounted to $12,568.00 between January 1st and May 1st, 1915.

No depreciation was allowed for meters in use, which amounts to about $15,000; neither was any allowance made for depreciation of tools and equipment listed at $12,500.00.

Mr. Max Tholen,
Page 2.

I regret very much to report at this time that the condition of affairs and the records of the water department have not been kept according to the requirements of the Railroad Commission and as ordered by the Commission at a late hearing held in San Diego.

I call attention here, as I did in my report to the Mayor, that the City is wasting thousands of dollars annually on account of inefficient methods and employees handling the affairs of the City. I do not say the present Management is responsible. I speak of what has been recorded during the past five years and what is supposed to be authentic data is in reality merely estimates and reports secured in a haphazard way, instead of actual receipts and disbursements. The whole system should be rejected and efficient methods installed so that the taxpayers and residents may know the truth and what it is actually costing them in dollars and cents for maintaining this wonderful $8,000,000 corporation, which to my mind is the biggest pork barrel of anything in existence in San Diego. To bring out more forcibly what I am trying to say, I might mention a few instances discovered while investigating the department of water.

The total receipts of the Water Department covering a period of five years from 1911 to 1915, shows a difference of from $4,000 to $343,000. The Auditor's reports show a loss every year from 1911 to 1914. The Water Department records, however, covering the same period of time, show a gain for every year excepting the year of 1914, when a loss of $3,000 was recorded.

I have delved into all records available and secured my data from original entries. Many entries have not been properly allocated, hauling charges have been badly mixed and mischarged, labor was found to be charged to everything but under the proper heading, in one instance an error of $1,250 was discovered, in another instance $909.00 covering 21 items was mischarged in one month alone. Claims paid and charged directly for water and not recorded in the books of the water department amounted to $12,568.00 between January 1, 1915 and May 1, 1915.

Transfers made to and from the Water Department during 1915 differ to the extent of $35,707.21 and many other items could be cited to prove that inconsistent methods were allowed to be used. Still a few individuals holding the whip hand of the City do not want the system changed claiming it is all right.

Mr. Max Tholen,
Page 3.

Trusting this will be of assistance to you and assuring you of being willing to render any further help, I am,

Very truly yours,

Jas. E. Sellers

Efficiency Engineer,

For City of San Diego, Calif.

S:K

Note:

These costs per thousand gallons do not include interest on the cost of rebuilding Lower Otay Dam, estimated at $682,000 or cost of repairs to Dulzura Conduit caused by floods of this year amounting to approximately $113,000 or cost of constructing pipe line between Upper and Lower Otay Reservoirs amounting to approximately $37,000 or cost of construction of new conduit and pipe line from Jamul Ranch to Upper Otay for which the people voted $100,000.

Statement Showing Cost of Gravity Water delivered to University Heights Reservoir and to consumers outside the City Limits During the year 1915 based upon R R Commission Findings of Value, Maintenance and Operation, Depreciation, etc. Corrected for Expenditures during the Years 1914 and 1915 as shown by the Auditor's Reports.

Value of System as Found by Commission in Decision No. 1465 in Application No. 547 ------		$ 3,500,000.00
Expenditures for Construction, etc., on the Impounding and Transmission system were made during the year 1914, amounting to -------		145,730.00
The following expenditures for construction, etc. on the Impounding and Transmission System were made during the year 1915:		
Cottonwood Conduit - Second Section	$29,824.87	
" " - Third "	27,675.04	
Concrete Conduit-Cottonwood Valley-	1,322.31	
Cottonwood Valley (Engineering)----	3,230.87	
Intake - Pine Creek ----------	36,155.35	
Tunnels - Dulzura Conduit ---------	1,670.30	
Bonita Pipe Line ----------	219,145.50	
Filtration Plant ----------	65,111.93	
Total Charges Bearing 5% annually ----------		384,136.17
Total Impounding & Transmission System 1915 --		$4,029,866.17

Annual Charges

Interest at 6% on $4,029,866.17 ----------	241,788.00
Maintenance and Operation ----------	27,500.00
Depreciation ----------	27,398.00
Total Annual Charges ----------	$ 296,686.00

Total water consumed during 1915 inside and outside City ----------		3,117,265,915 gallons
Supplied by pumping -----	841,241,000	
" " C W Co ------	191,238,126	1,032,479,126 "
Total supplied by gravity ----------		2,084,786,789 "

Cost per thousand gallons of gravity water is derived as follows:

$$\frac{296,666}{2,084,786} = \$0.142$$

If interest of $3,312.89 at the rate of 5% is allowed on net transfers amounting to $66,257.82 from conservation bond fund during year 1915, the annual charges become $299,999 and the cost per thousand gallons of gravity water becomes $0.144.

No allowance has been made for bond redemptions amounting to $100,000 during 1915, as such payments into the bond redemption fund should be placed at interest and in this way all payments into such fund will act as a reduction of the total bond issue.

If the average total yearly consumption for the past ten years, amounting to 2,013,711,480 gallons, is taken instead of the 1915 figures of 2,084,786,789 gallons, the cost per thousand gallons becomes $0.147.

Statement Showing Cost of Gravity Water Delivered at University Heights Reservoir and to consumers outside of City Limits for the year 1915.

This statement is based upon data and reports received from Auditing and Water Departments.

Cost of System Purchased of Southern California Mountain Water Company, the bonds issued for this purchase bear interest at the rate of 4½% per annum which amounts to $180,000 per year ----------		$ 4,000,000.00
The following items of expenditures were made for construction, etc., upon the impounding and transmission system during the year 1914:		
Total Expenditures --------	$127,139.00	
" Transfers (Net) -----	18,591.00	
Total (bearing interest at 5%) --------		145,730.00
Total Cost of Impounding and Transmission System (December 31, 1914) ----------		$ 4,145,730.00
The following expenditures were made for construction, etc., during the year 1915:		
2nd Section - Cottonwood Conduit ----------	$29,824.87	
Tunnels - Dulzura Conduit ----	1,670.30	
Bonita Pipe Line ----------	219,145.50	
Filtration Plant ----------	65,111.93	
Cottonwood Valley (Engineering) ----------	3,230.87	
Concrete Conduit - Cottonwood Valley ----------	1,322.31	
Intake - Pine Creek ----------	36,155.35	
3rd Section - Cottonwood Conduit ----------	27,675.04	
Total (bearing interest at 5%) ----------		384,136.17
Grand Total Impounding and Transmission System (December 31, 1915) ----------		$ 4,529,866.17

The annual charges required to support the Impounding and Transmission system are as follows:

Interest at 4½% on $4,000,000.00 --------	$ 180,000.00
" " 5% on 529,866.17 --------	26,490.00
Operation and Maintenance ----------	50,992.39
Depreciation ----------	79,584.77
Total ----------	$ 337,067.16

Total Consumption of water both Inside and Outside City ----------	3,117,265,915 gall.
Portion of above pumped and furnished by Cuyamaca Water Company ----------	1,032,479,126 "
Total supplied by Gravity ----------	2,084,786,789 "

Cost per thousand gallons of gravity water is derived as follows:

$$\frac{337,067.16}{2,084,786} = \$0.161 \text{ per thousand gallons}$$

If interest of $3,312.89 at the rate of 5% is allowed on net transfers amounting to $66,257.82 from conservation bond fund during the year 1915, the annual charges become $340,380.05 and the cost per thousand gallons of gravity water becomes $0.163.

No allowance has been made for bond redemptions amounting to $100,000 during 1915, as such payments into the bond redemption fund should be placed at interest and in this way all payments into such a fund will act as a reduction of the total bond issue.

If the average total yearly consumption for the past ten years, amounting to 2,013,711,480 gallons, is taken instead of the 1915 figures of 2,084,786,789 gallons, the cost per thousand gallons becomes $0.167.

Statement Showing Cost of Water per Thousand Gallons Delivered to Consumer's Meter Inside the City During Year 1915. Based upon Data Secured from Auditing and Water Department Records.

Cost per Thousand Gallons of Gravity Water Delivered at University Heights Reservoir as determined in Statement on page 7 of this report		$ 0.161
Total Cost of Distribution System December 31, 1915		$3,346,451.81
Less Total Depreciation of Distributing System --		745,529.48
Present Value of Distributing System - Dec. 31, 1915		$2,600,922.33
Annual Charges Required to Support Distributing System are derived as follows:		
Interest at 5% on $2,600,922.33		$ 130,046.10
Operation & Maintenance Entire System	363,571.62	
Operation & Maintenance Imp. & Trans.	50,992.39	
Operation & Maintenance - Distributing System		$ 312,579.23
Depreciation - Entire System	172,275.30	
Imp.&Trans.System	79,584.77	92,690.53
Total Annual Charges - Distributing System		$ 535,315.86
Total Consumption Inside City 1915		2,811,225,126 gallons

Cost per Thousand Gallons of Water Delivered at Consumers meter (not including Impounding and Transmission Cost) is derived as follows:

$\frac{535,315.86}{2,811,226}$ =	$ 0.190
Cost of Water per Thousand Gallons Delivered at University Heights ----------	0.161
Total Actual Cost per thousand gallons delivered at Consumer's Meter ----------	$ 0.351
Cost per Thousand Gallons of Water Delivered to Non Tax Paying Consumer ----------	0.107
Cost per thousand gallons of water delivered to Tax Paying Consumer is as follows:	
Meter Rate per 1,000 gallons ---------	0.107
Tax Rate " 1,000 " ---------	0.102
Total --------	$ 0.209

No allowance has been made in the above computations for Bond Redemption or Transfers.

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August 22, 1916

State Railroad Commission,
833 Market St.,
Attention Mr. Max Thelen, President,
San Francisco, Cal.

Dear Sir:-

I. C. 8104.

We have your letter of August 15th regarding complaint of Felix Barron that his house burned down and that he could have saved it if he had had water. Also of the necessity of staying up late at night to secure a little water for irrigation.

During the time that this Company was engaged in repairs to its system after the floods of January of this year, our best workmen were all sent up on the flume and our damaged syphon lines so that repairs could be completed at the earliest possible moment. This left us with inexperienced men in charge of our pipe system and a few of the people living on extremely high ground, among whom was Mr. Barron, were unable for a time to secure a continuous supply of water and it was during this period that Mr. Barron's house burned down. We also had considerable trouble in keeping our meters cleaned out at this time due both to the fact that inexperienced men were engaged in the work and also the fact that there was a considerable amount of straw, etc. in the water at that time. Mr. Barron also suffered in this regard as on two separate occasions within a very short time it was necessary for us to clean out his meter.

We desire to call your attention to the fact that Mr. Barron is strictly an irrigation consumer and pays a very low rate for his water. We scarcely think that anyone would expect that service of this character should be the same as a domestic service although Mr. Barron and others in this locality have had practically a continuous service and their water has been supplied to them under pressure. We believe that irrigation consumers should provide themselves with a tank so that they may not be without water should the supply fail for any reason. If Mr. Barron had so provided himself with a tank, he would have had sufficient water to have saved his house if he had commenced to apply the water in time, and while we regret exceedingly that he has suffered, at the same time we can not see that we are responsible for his loss.

During the time that Mr. Barron's house burned, our water system was supplying not only consumers of our own, but also the City of San Diego, Coronado, National City, Chula Vista and other localities and naturally was overburdened. During this entire time, however, we supplied every one of our consumers, with a very few exceptions, with a full and satisfactory service and believe under all the circumstances that we did exceedingly well.

Mr. Barron's complaint of the necessity of staying up late at night to secure a little water for irrigation has reference, I believe, to past conditions and is not now a matter in controversy.

Very truly yours,

FMF:K

F M Faust

August 22, 1916.

Mr. Max Thelen,
President State Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

Enclosed herewith find exhibit of Mr. Faulie, under date of August 2nd, which is explanatory.

I am of the opinion that water to the extent of 50 miners inches could safely be sold; but at the present time we ask the privilege of taking on added consumers to the extent of 25 inches.

For the first three months from date of your decision, I feel that any present consumers needing irrigating water should have the first preference. After that any outside territory desiring water should have it.

As testified at the hearing, I am satisfied that whether the rates are increased or not there will be a considerable shrinkage in the demands for water where water has been foolishly attached to lands under those old so-called contracts. I refer particularly to lands that will produce nothing on account of poor soil and hard pan; also lands in the valleys where citrus fruits or winter vegetables cannot be raised on account of frosts. These valley lands last mentioned can produce their own water by pumping, at a less cost per thousand gallons than we can furnish it by gravity.

Enclosed herewith find copy of letter of the State Railroad Commission under date of July 1, 1914, giving us authority to sell the City of El Cajon water as per my testimony.

Also, enclosed herewith find duplicate statement and exhibit of J. M. Sellers, Efficiency Engineer for the City of San Diego, showing the cost of water per thousand gallons, based on the Railroad Commission's valuations, brought down to date, also showing the actual cost based on the price paid for the system by the city; also the cost per thousand gallons at the consumer's meter. A copy has been sent to Mr. Loveland and the attorneys in the case.

Yours very truly,

F-S

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Manager.

August 29, 1916.

Mr. Max Thelen, President,
State Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

I have just been reading Decision No. 2802 on the Sweetwater case. I see no reference to the net safe yield of the Sweetwater system in miners inches, or what constitutes 100% efficiency. Can you give me the desired information on this subject?

I do wish Mr. Eshleman could have made a decision along the same lines that Mr. Edgerton did in this case. We were penalized 25% for inefficiency by Mr. Eshleman, in the Cuyamaca case. You and I both know that the Sweetwater system has been as inefficient as the Cuyamaca system, and in the exceedingly dry years even more so than the Cuyamaca system, and certainly in our case it has worked as a double penalty.

Do not let me bother you to answer this letter, as I know you are extremely busy, but, if you will turn it over to some member of your office force to forward me the data it will be appreciated.

What I really want is the net safe yield of the system in miners inches, as determined by the Commission; also the total draft on the system when it is 100% efficient in supplying its consumers, or the average in each case will do.

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One other thing: Am I to understand from decision No. 2802 that the valuation of the Sweetwater system, as placed upon it by the State Railroad Commission, is $1,252,999.43, as of date of that decision? If not, what was the valuation of the Sweetwater system, as determined by the Commission, for rate-fixing purposes?

Very sincerely yours,

F-S

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. [illegible]VELAND, COMMISSIONER
ALEX [illegible]ORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Railroad Commission
of the
State of California

CHARLES R. DETRICK, SECRETARY
W. P. GEARY, RATE EXPERT
RICHARD SACHSE, CHIEF ENGINEER
L. R. REYNOLDS, AUDITOR
P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—SUTTER 2260

TENTH FLOOR, COMMERCIAL BUILDING
833 MARKET STREET
SAN FRANCISCO Sept. 1, 1916.

Mr. Ed Fletcher,
San Diego,
California.

My dear Mr. Fletcher:-

I desire to acknowledge receipt of yours of the 29th ult. with reference to Decision No. 2802, Sweetwater Water case.

In reply to your inquiry as to the net safe yield of the Sweetwater system, in miner's inches, as determined by the Railroad Commission, I would say that the only matters on which the Railroad Commission made any finding in this case appear in the decision.

Yours truly,

Max Thelen
President.

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MT/E

RECORD OF MATERIALS REMOVED PAGE ____ OF ____

COLLECTION NAME ED FLETCHER.

SERIES & FOLDER TITLE UPRES: THELEN

Description of Material		Date Of Material	Re-Filed As: Series	Re-Filed As: Folder Title
LETTER	FAUDE TO FLETCHER	Sept 1 1916	FAUDE	
LTR	FLETCHER TO FAUDE	MAY 22, 1916	"	
LETTER	[illegible] SOLICITOR FOR CO. - UPRES	N.D	"	

October 24, 1916.

Railroad Commission,
State of California,
833 Market St.,
San Francisco, Calif.

Attention Mr. Max Thelen
President

My dear Mr. Thelen:

The Cuyamaca Water Co. has had a loan of $5000 from the San Diego Consolidated Gas & Electric Co. for over a year. Mr. Murray has not been in the State for over a year, and I have been unable to secure enough income from our rentals to pay the debts of the company.

Am I violating any rule of the commission by executing a $5000 note every three months to the gas company?

We also owe $15,000 to the First National Bank of San Diego. The notes are being renewed every three months. I have never made any report of the notes that have been given by the Cuyamaca Water Co. to Mr. Murray, as I have always looked upon it as an partnership matter in which you were not interested. Mr. Murray has advanced money from time to time, and when we sell the property I expect this matter to be adjudicated between us as individuals. It is possible he may demand a settlement before-hand, which I sincerely trust will not occur.

The reason I write this letter is simply that I don't want to do anything that conflicts with the rules of the Commission.

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Yours very truly,

CUYAMACA WATER COMPANY,

F-S

_____ Manager

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER
PHILIP BANCROFT, EXAMINER
HARRY A. ENCELL, EXAMINER
MYRON WESTOVER, EXAMINER

Railroad Commission of the State of California

TENTH FLOOR, COMMERCIAL BUILDING
833 MARKET STREET
SAN FRANCISCO

CHARLES R. DETRICK, SECRETARY
W. P. GEARY, RATE EXPERT
RICHARD SACHSE, CHIEF ENGINEER
L. R. REYNOLDS, AUDITOR
P. A. SINSHEIMER, BOND EXPERT
DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE BUTTER 2260

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

August 11, 1917.

Mr. Ed Fletcher,
San Diego, California.

My dear Mr. Fletcher:

I have before me a clipping from the Los Angeles Times of the 8th inst., referring to the incorporation of Warner Mutual Water Company for $6,000,000 and Pamo Mutual Water Company for $4,750,000. The clipping states that the Warner Company will build a dam at the Warner dam site and a power plant from which power will be furnished to a number of companies. The clipping further states that the Pamo Company will build three dams. The clipping also says the San Dieguito Company is to furnish water "for the northern part of the county, reaching to the coast from San Dieguito dam site".

I have heretofore written to you with reference to the San Dieguito Company and have drawn your attention particularly to the question whether this company is to be a public utility. You replied that it is to be and continue strictly a mutual water company. While I do not mean to question your statement in this connection, it will certainly be a novel proposition to have a company which is a strictly mutual water company serving with water the "northern part of the county, reaching to the coast from San Dieguito dam site".

Referring now to the Warner Mutual Water Company. If this company intends, as stated in the clipping from the Times, to erect a power plant which will furnish power "to a number of companies", I do not see how the company can escape being a public utility.

The clipping does not give sufficient information from which any conclusion can be reached with reference to the character of the Pamo Company.

I write this letter to draw your attention specifically to the fact that if any of these companies are intended to engage hereafter in a service of a public utility character, as defined by the Public Utilities Act, it is unlawful for them to issue any capital stock or other securities unless the consent of the Railroad Commission has first been secured. It will be further unlawful for them to do any of the other acts as to which the consent of the Railroad Commission is necessary as specified by the Public Utilities Act.

This is a very serious matter and I hope that you will give to it your very careful and prompt attention.

Understanding that the Santa Fe is interested in part or all of these companies, I am sending a copy of this letter to Mr. E. W. Camp, General Solicitor of the Santa Fe at Los Angeles, and also to Mr. Wm. G. Henshaw, who is mentioned in the Times article as one of the incorporators of some of the companies.

Yours truly,

Max Thelen

President.

MT-D

MAX THELEN, COMMISSIONER, PRESIDENT
H. D. LOVELAND, COMMISSIONER
ALEX GORDON, COMMISSIONER
EDWIN O. EDGERTON, COMMISSIONER
FRANK R. DEVLIN, COMMISSIONER
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DOUGLAS BROOKMAN, ATTORNEY

TELEPHONE—SUTTER 2260

ADDRESS ALL COMMUNICATIONS TO
RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

RECEIVED
NOV 6 1917

Nov. 5, 1917.

App. No.2893.

Cuyamaca Water Company,
San Diego, California.

Gentlemen:-

I desire to acknowledge receipt of yours of the 1st inst. asking that the hearing in Application No.2893, now set for Saturday, November 17, 1917, be postponed until after the holidays, for the reason that Mr. Murray will not be in San Diego until that time.

In reply, I would say that this proceeding has this day been taken from the Calendar and placed in the suspense column. When you hereafter desire to have a hearing, please notify us in time so that the necessary arrangements can be made.

Yours truly,

Max Thelen

President.

MT/E

The New Willard Hotel,

Washington, D.C.

February 4, 1918.

State Railroad Commission of California,

Attentionof Max Thelan Esq.,

My dear Mr. Thelan,

I have taken up seriously with the United States Government the matter of furnishing a gravity supply of water to Camp Kearney from Murray Dam.

You made a suggestion that the dam ought to be built, in your last decision, and enclosed herewith find picture showing the dam completed - 900 feet long and 117 feet high at its highest point, and will hold approximately two and a half billion gallons - a years supply for the city.

The City of San Diego has shown no inclination to buy any water from us, although we offered it as low as six cents as a war measure, for any amount they wanted, and three and a half cents for flood water. Now, your decision stated that we were entitled to $94,000 income if we didn't seel to the City, and about $135,000 if we did sell water to the City -- at least that is my impression. Our income will not amount to $60,000 for the year, and something must be done. The Commission has ordered us to make all these improvements, and certainly we are entitled to income from our investments. The operating expenses will be what you estimated them to be in your decision, possibly a little more.

Will you please write to Major Dabney H. Maurey, stating that at my request you wish to inform him that the decision of the State Railroad Commission was that the Cuyamaca Water Company was one hundred per cent efficient in their supply of water; that

in addition they have built Murray Dam which materially increases the supply of water, and that you are of the opinion that it will be safe to make an agreement with the Cuyamaca Water Company for a gravity water supply for Camp Kearney. Camp Kearney is using about a million and a quarter gallons a day.

Our intention is to immediately build a pipeline from Murray Dam to Camp Kearney.

You realize the City is pumping three times to get water to the Camp, and is always in danger of flood, while our pipeline will be able to place a gravity supply for the Government.

The City Attorney one day tells the Public Lands Committee of the House how short water is and that an emergency exists, (in the El Capitan fight) and the next day opposes our selling any water to the Government. On Saturday Mr. Cosgrove told Major Maurey that we were already being called upon to deliver all the water we could ever furnish. They won't buy water from us, and they won't let us sell water to anyone else. The City made the mistake of its life in not taking over the Cuyamaca Water Company under the condemnation proceedings, when they could have had it for $175,000.

In fairness to us, Mr. Thelan, I want you to go as far as you can in this matter, in writing to Major Maurey on this subject so that we can make a satisfactory arrangement and have the pipeline completed by the first of July, which is the fiscal year, and when the contract with the City expires.

I certainly will appreciate anything you can do to help us and would also like a copy of your letter you send to Major Maurey if you decide to send one.

Yours sincerely,

February 28,1918

Mr. Max Thelan, President,
State Railway Commission,
833 Market Street,
San Francisco, Calif.

My dear Mr. Thelan:-

I thank you for your letter of the 9th; also letter to Major Dabney H. Maury in Washington.

I have had a hard scrap with the City Attorney in Washington. Enclosed find copy of his testimony, wherein he agrees to let us build our diverting dams at our points of intake, and in fact, welcomes the development. Yet, when I go to the City Council and present sworn testimony of Mr. Cosgrove they refuse to act, so I kept on fighting the city's bill. I went out to La Mesa and Lemon Grove; held mass meetings, and they have unanimously got behind me in face of the fiercest opposition. The City Council and Deputy City Attorney and the City Manager went out there and actually begged the City of La Mesa not to pass any resolutions, but the enclosed clipping and resolution will show you that the people of La Mesa unanimously turned the City Council down and stood by me to a man, both at La Mesa and Lemon Grove.

We have made every inducement to the City to buy water, even at 6 ¢ a thousand gallons, with your approval, and they have refused. Yet, they had the nerve to camouflage the situation, claiming that Camp Kearny was in danger and got the support of the Secretary of the Interior and Commissioner of Indian Affairs; but there is every indication that it will do them no good. There is honor even amoung thieves, but the City Attorney does not come in that class. I hired no attorney, but presented the case myself to the Public Lands Committee of the House, and had both written and personally seen Senator Myers, Chairman of the Public Lands Committee of the Senate, telling him that I wanted to be heard if the City of San Diego introduced the bill in the Senate. This was on Monday. On Tuesday the bill was introduced in the Senate by Senator Phelan and went to the Committee. Senator Myers, the Chairman was away. I was not notified, and on the next morning, Wednesday, the bill was heard by by the Public Lands Committee; Mr. Cosgrove presented his case, and made no mention of my being in town; he told Senator Phelan there was no opposition to the bill, and at 11:00 o'clock the bill was reported out favorably and put on the calendar for final action on Monday. I didn't hear of it until 3:00 p.m. Friday. I got busy and had the pleasure of knowing that a number of Senators friendly to me, telephoned Senator Phelan protesting against this railroading of the bill and Senator Phelan was also informed that if he did not refer the bill back to the Committee another Senator would make the motion and the matter would be fought out on the floor of the Senate. The result was that Senator Phelan had the bill referred back to the Committee. Cosgrove and I each presented our case and the bill is there yet. I do not blame Senator Phelan in any way for this underhanded work.

February 28, 1918.

Mr. Max Thelen, President,
State Railway Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

I thank you for your letter of the 9th; also letter to Major Dabney H. Maury, in Washington.

I have had a hard scrap with the City Attorney in Washington. Enclosed find copy of his testimony, wherein he agrees to let us build our diverting dams at our points of intake, and in fact welcomes the development. Yet, when I go to the City Council and present the sworn testimony of Mr. Cosgrove, they refuse to act, so I kept on fighting the city's bill. I went out to La Mesa and Lemon Grove; held mass meetings, and they have unanimously got behind me in face of the fiercest opposition. The City Council and Deputy City Attorney and the City Manager went out there and actually begged the Cityof La Mesa not to pass any resolutions, but the enclosed clipping and resolution will show you that the people of La Mesa unanimously turned the City Council down and stood by me to a man, both at La Mesa and the same thing at Lemon Grove.

We have made every inducement to the City to buy water, even at 6¢ a thousand gallons, with your approval, and they have refused. Yet, they had the nerve to camouflage the situation, claiming that Camp Kearny was in danger and got the support of the Secretary of the Interior and Commissioner of Indian Affairs; but there is every indication that it will do them no good! There is honor even among theives, but the City Attorney does not come in that class. I hired no attorney, but presented the case myself to the Public Lands Committee of the House, and had both written and personally seen Senator Myers Chairman of the Public Lands Committee of the Senate, telling him that I wanted to be heard if the City of San Diego introduced the bill in the Senate. This was on Monday. On Tuesday the bill was introduced in the Senate by Senator Phelan and went to the Committee. Senator Myers, the Chairman, was away. I was not notified, and on the next morning, Wednesday, the bill was heard by the Public Lands Committee; Mr. Cosgrove presented his case, and made no mention of my being in town; he told Senator Phelan there was no opposition to the bill, and at 11:00 o'clock the bill was reported out favorably and put on the calendar for final action on Monday. I didn't hear of it until 2:00 p.m. Friday. I got busy, and had the pleasure of hearing eighteen senators telephone protesting against this railroading of the bill and one senator told Phelan where to head in at or there would be a row that he would never forget, with the result that Senator Phelan had the bill referred back to the committee, and it is there yet.

March 4, 1918.

Mr. Max Thelen,
President Railroad Commission,
833 Market St.,
San Francisco, Calif.

My dear Mr. Thelen:

Both Mrs. Fletcher and I appreciate your letter of March 5th. Mrs. Fletcher is out and around again, and in good health as anyone can expect. The baby takes two ounces at a meal, and keeps it down, tell Mrs. Thelen, and I think that is sufficient to demonstrate its good health.

Don't fail to let me take you to Murray Dam the next time you are in San Diego. It will only take an hour. Mr. Murray is in the mood to complete the big dam on the San Diego River, at or near the diverting dam, and has agreed to finance it. Look at the hopeless tangle the City is in. I certainly hope you will do what you can to assist in straightening out this matter with the city, so that it does not mean endless litigation..

Cosgrove definitely pledged that the City would not protest but would welcome our building dams at our intakes sufficient to divert all the water that originates East of that point, as per extracts from his testimony before the Public Lands Committee herewith attached. I hope you will take an interest in this matter and help straighten it out.

We are surveying the dam site and reservoir site at the diverting dam now, and would like Mr. Hawley down here as

Cosgrove is still in Washington, and has been there a month. I should have liked to stay there and fight him to a finish, but my first duty is to my wife; I think, and I arrived home the day before the baby arrived. And it is a dandy. Both of them are doing well.

I want you to read the testimony. Cosgrove, at the request of Miss Rankin told her that he was appointed - not elected - and then went on to say he was the highest -priced City Attorney west of the Mississippi River. He was called down by the Chairman good and hard, and kept right on. It is all a matter of record and I know you will be glad to hear it. He called Murray and I "that gang" and was called down. He referred to the Water Committee of the Chamber of Commerce as men who did not represent the best interests of the city, but he changed the word "best" to "entire", and I have the original record showing where he changed the word. He lost his head two or three times, and it does seem a pity that a great municipality like San Diego should be represented by a man who takes advantage of every technicality and does not consider the question of justice or equity.

Murray Dam is completed. I have just asked to have it accepted by your Mr. Hawley, and there is already 65 feet of water in it. It is a wonderful stfucture, and I want to take you out and show it to you the next time you come down.

I will have the surveys made, and Mr. Murray has pledged the money to build the diverting dam up to hold at least ten billion gallons. We will ask for bids in the very near future.

With kind personal regards,

Very sincerely yours,

F-S

soon as possible to approve the plans of the new dam at the diverting dam; also to straighten out the Cuyamaca spillway trouble and to pass on the Murray Dam.

With kind personal regards,

Very sincerely yours,

F-S

Ed Fletcher Papers

1870-1955

MSS.81

Box: 29 Folder: 22

General Correspondence - Thelen, Max

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