

Escondido is the name given by the early Spanish settlers to the fertile valley located some thirty miles northeast of San Diego and half that distance from the seashore. The valley is surrounded on all sides by a wealth of rolling hills which accounts for the name which is Spanish for "hidden". The earliest inhabitants were Indians called Dieguenos who spoke the Yuma Indian language.

The first official record concerning the section is dated 1843 when Manuel Micheltoena, Governor of both Californias under the King of Spain granted to Juan Bautista Alvarado three square leagues of land called the Rincon del Diablo, comprising 12,653 acres. This grant was confirmed by the U.S. Board of Land Commissioners. Alvarado died, leaving a wife and six children from whom, over a period extending from 1855 to 1865, Judge O.S. Witherby of San Diego, acquired entire title to the property for considerations totaling \$4,016.00. Witherby, in turn, sold to one Ed. McGearry and Mathew, John and Josiah Wolfskill some time later for a consideration of \$8,000.00. The Wolfskills appear to have been practical operators and used the lands for raising hay and grain crops and pasturing droves of sheep. They were willing to make a profit, however, especially when a group from the San Joaquin Valley, who later incorporated as the Escondido Company, offered them the magnificent sum of ten dollars an acre for the rancho and 160 acres of adjoining land, or a total of \$128,138.00 in 1883. This company specialized in vineyards, planting the fine, still heavily producing acres of the Big vineyard on the floor of the valley, but they, too, were not averse to taking a profit of \$40,000.00 at the end of two and one half years and sold to the Escondido Land and Town Company, a corporation largely owned by Jake Gruendike, President of the First National Bank of San Diego, and pioneer leader of the period, D.H. Hale, Jerry Tolles, and R.A. W.W. and ~~George~~ Thomas.

San Diego was then in the frenzied excitement of its first modern real estate boom brought on by the advent of the Santa Fe railroad in 1883 and the new owners of the Rancho lost no time in laying out the town of Escondido, subdividing the level valley lands and their surrounding hills into lots and blocks, connecting them all with broad roads, and in every way preparing to exchange portions of their purchase for part of the stream of gold pouring into the country in the pockets of speculatively minded Easterners.

Settlers did come to look, both in the town and country; sumach and chaparral were cleared from the higher ground and soon the symmetrical dots of young citrus plantings appeared at intervals around the valley. Some were set out with the promise of water to come, others on the theory that the natural rainfall was adequate, but it was not long until all realized that water in more adequate supply than was obtainable from the grudging trickles of granite strata wells must be supplied if growth and commercial production were to be obtained.

The first attempt to bring water to the Escondido area was, in fact, already under way. It was a comprehensive plan,

undertaken by Judge George Puterbaugh and associates under the name of San Luis Rey Flume Company, for the irrigation, not only of the Escondido, San Marcos and Vista lands, but also of the whole San Luis Rey valley, Carlsbad and Encinitas sections.

The system contemplated a large reservoir, one hundred fifty feet high, at Warner Ranch covering an area of more than 10,000 acres. The canal would have started from the base of the dam at an elevation of 2,600 feet and followed a regular canal grade to a point in the pass between Pine and Roderiquez mountains. At a point about three miles below Warners Ranch dam, the canal line would pass a point opposite the present diversion tunnel of the Escondido Mutual Water Company at approximately one thousand feet, vertical above. At the Roderiquez Pass there would be a drop of about eight hundred feet vertical to a ridge between Hell Hole Canyon and the Guejito ranch. There the canal was to divide - one branch to supply the Guejito reservoir and the other to pass around Paradise Mountain and empty into the present Lake Wohlford reservoir, a drop of about four hundred feet. The drop from the ridge into the Guejito reservoir would be about two hundred feet. These various drops were to be used for producing electric energy.

With a low dam at the Guejito reservoir site about nineteen hundred acres could be flooded. The water from this reservoir could be diverted in two ways: a short tunnel would convey the water into the present Escondido Mutual Water Company's reservoir or it could be carried down the natural water course by way of San Pasqual. About two miles below the Warner Ranch Dam is a low pass between the Pine Mountain and Mesa Grande. The plan provided for a tunnel under this pass which would lead into the Paumo Valley where another reservoir was to be constructed to catch, not only the water from this branch canal, but also the water of the Bernardo river. Incidentally other dams were to be constructed in the Keys Canyon and Moosa Valley.

The promoters of this project made extensive surveys and bought up many controlling points. However, before the necessary capital could be raised the land boom broke bringing deflation in its wake, the property they bought finally went back to the original owners, while their surveys and plans have been subdivided and subsequently used by promoters of more modest projects.

The failure of the Flume Company brought consternation to the promoters and settlers of the Escondido Valley, many of whom had planted orchards which were already drooping for lack of water.

At the time the newly enacted Wright Irrigation Act seemed their only chance, and under its terms after many mass meetings and much campaigning, the Escondido Irrigation District was formed. The newly elected board of directors consisting of G.D. Cochran, G.M. Culp, E. De Bell, P.L. Estey and G.V. Thomas, met for the first time on December 7, 1889 and almost immediately started looking around for sources of waters and ways of acquiring them. At first the plan did not seem to contemplate going to the source of supply and the building of dams and conduits, but rather the purchase of water from parties who might be induced to furnish it at the edge of the District.

Judge Puterbaugh attempted to use this chance to revive the lagging hopes of the San Luis Rey Flume Company, but the scope of their plans was too large to face the growing business depression and this was the last gasp of that worthy enterprise. The Paumo Water Company was formed, a dam site selected at the confluence of the Bernardo River and Paumo Creek, land was purchased for the proposed reservoir and in March 1890 this company made an offer to supply the District with water. The plan contemplated storing the waters of the two streams mentioned and as an additional supply the construction of a tunnel under the pass between Pine Mountain and Mesa Grande (projected by the Flume Company) and the tapping of the Warner Ranch supply. From an engineering standpoint this project was feasible but, although the plan was agitated and considered several times, and at one time accepted by the board, it was finally turned down, probably because of the inability of the sponsors of the plan to give assurance of their ability to complete it.

In the meantime the directors were putting out tentative feelers along various lines, being none too sure in what way to approach such a difficult proposition. In March 1890, proposals to furnish the district with 500 miners inches of water at the edge of the district were advertised for and a bond issue submitted to the voters in the sum of \$350,000.00 to pay for the estimated cost of the works. This was promptly turned down by an eleven to one vote, but a few months later a bond issue for \$450,000.00 was enthusiastically carried.

Next, the board resolved to proceed on works to bring water from the San Luis Rey, and streams originating on Pine Mountain and the Guejito. The Bernardo river was also considered as a source of supply. Jas. Schuyler was chosen as engineer with E.L. Dorn and E.F. Tabor as assistants, to run contours and make estimates of cost both of impounding water and distributing it through the district. Schuyler did not mention the use of the San Luis Rey as a source of supply and his report did not seem to impress the Board favorably, for nothing was done, although later the present reservoir was built on the Schuyler survey and Mr. Tabor's survey within the District was used as a basis for the present location of the distributing system.

In the meantime Moffitt, Hodgekins and Clark made an offer to supply 1000 inches continuous flow for \$300,000.00. This offer was probably the basis of the \$450,000.00 bond issue - \$300,000.00 for the water at the edge of the District and \$150,000.00 to build a distribution system. This contracting corporation intended to adopt, in part, the plans and surveys of the old San Luis Rey Flume Company, but as the limited amount of land in the Escondido Valley would not justify the needful expenditure, the contractors conditioned their offer on the district's being enlarged to 20,000 acres by including the San Marcos and Linda Vista sections. This could not be done and although the district authorized the contract the contractors lost heart and the plan died out like its predecessors.

The next two years was a period of inactivity, discouragement, indecision and dissention. Taxes had been levied and some \$16,000.00 spent without apparent results. Some of the landowners even

petitioned the directors to dissolve the district and stop the continuing expense. Finally, in 1893, a new board was elected consisting of A.K. Cravath, chairman, E.De Bell, S.M. Stewart, F. Gundrum and J.H. Riddle. This board was most fortunate in having as a member S.M. Stewart, a man with vision to see a goal, judgment to appraise its proper value and dogged determination to gain it. After some investigating, by personally running a line with a spirit level along the course, Mr. Stewart became convinced that water could be brought from the San Luis Rey river into the Bear Valley watershed above the present Lake Wohlford with an expense that could be afforded by the district. His idea was to start from the pass between the two watersheds and follow that contour until it reached the river.

At that point Mr. W.A. Sickler, who was later to become superintendent of the district for a period of ten years was employed to make a preliminary survey along the lines just mentioned. In order to shorten the line as much as possible he located a short tunnel at the divide between the two watersheds and followed the 1600 foot contour closely without variation of the regular grade and at 15.3 miles entered the San Luis Rey river. At the intake a 400 foot tunnel through solid granite was designed so the outlet of the tunnel would be high enough above the river to avoid flood damage. George Manuel was then employed as consulting engineer to examine the maps and surveys and estimate the cost of the finished conduit.

His estimate for a ditch, later referred to as the "main canal", to carry 2000 inches of water along the above route a distance of 72,900 feet, was \$39,514.00. Later he estimated the cost of a seventy foot rock dam at \$62,234.00 and the distributing system at \$73,946.00. This brought the cost of the whole completed works to around \$175,000.00 - so in June of 1893 the voters approved the retirement of \$200,000.00 of the \$450,000.00 bond issue authorized in 1890.

From this time things moved at a swifter pace. The directors made filing on the San Luis Rey river to the ambitious tune of 20,000 inches through a canal of 136 foot cross section. During the summer of 1893 bids were asked for the construction of the entire system and the sale of the bonds. Finally, after tentative offers of ninety five cents on the dollar for the bonds were first accepted and then refused on March 6, 1894, two bids for the bonds were tendered, both contingent on accompanying offers for construction of the company's system. After some consideration the bid of E.I. Doty, a middle-west contractor, of ninety-one cents on the dollar for the bonds and various unit prices for the construction of the entire project, which, according to preliminary yardage estimates, totalled \$161,850.00, was accepted. Rights of Way were secured and director Cravath went to Washington returning with a contract granting the district rights of way over Indian Reservation lands and permission to divert water, so far as the rights of the Indians were involved, in return for the covenant of the District to release from the flume "an ample supply of water for agricultural and domestic purposes" when required by the Indians. In June 1894, the contract with

Doty was finally signed and a Trust Deed executed conveying to Merchants National Bank of San Diego, as Trustee, all the property of the District as additional security for the bonds, which were also escrowed to be delivered as paid for.

During the Fall and early winter of 1894 the work was prosecuted with great vigor in the hopes that water could be stored and made available for use during the following year. Seven camps were established along the ditch line, with another employing 75 men at the dam. The dam was constructed to a height of 76 feet entirely of huge rock blasted out of the mountain sides, and was made water tight by a timber facing.

All excavation was by teams and hand labor, hauling was by horse drawn wagons over little more than trails so it was surprising that by March 1895, the main canal was ready for the diversion of water and the reservoir completed to receive the water which was stored in it up to the 49 foot contour. On July 5, 1895, W.A. Sickler, as General Superintendent, opened the gate of the reservoir and turned water on the dry and eager land. While the results were commendable, the cost soon outran preliminary optimistic estimates. One item, the main canal, cost \$80,000.00 or twice the figure set for its construction. The bond issue of \$250,000.00 was soon exhausted and another \$100,000.00 authorized by the voters was used to complete the project, acquire necessary lands, and buy from the City of Escondido its existing water system.

Already discouraged at the cost of the system and the prospect of an annual levy of some \$30,000.00 to meet bond interest and operation cost, the landowners sought a new deal in management and elected an entirely new Board of Trustees. Among those chosen was A.W. Wohlford, a pioneer who came from Nebraska to San Diego in 1891, looking for a bank. He found it in the tottering, land boom Bank of Escondido, which he purchased for twenty cents on the dollar in 1892 and kept open in the midst of almost universal failures through the panic of 1893, meanwhile planting an orchard in his odd hours. From his first election in 1895 to his death in 1924, he served almost continuously for thirty years, giving unstintingly of his time and energy, fighting doggedly against bitter, and at times, unscrupulous opposition, and moulding the policies of the district and Water Company with vision and clear logic along lines which resulted in eventual success and stability.

The new Board was soon faced with problems innumerable. The operation of the system was subject to many handicaps. Along the main canal the flumes dripped water, it poured out through gopher holes in the open ditches or seeped away through their unlined bottom. Only sixty per cent of the water diverted reached the dam and of that, only 47% reached the land through the crude distributing system. By 1897 some nine miles of ditch had been cement plastered and as many miles of pipe laid to decrease this loss but lack of funds soon checked the continuation of this improvement.

In 1895 Judge Ross of the United States Federal Court

handed down a decision declaring the Wright Law, under which the district was organized, unconstitutional. There was already a growing feeling among the land owners that the lien of the bond on their lands was too burdensome to pay off. Agitators from the outside harranged the farmers urging them not to pay their assessments. The belief that Judge Ross's decision would be sustained became so general that few paid their assessments. This added to the troubles of operation, causing a lack of funds to pay expenses. At times Mr. Sickler, as an individual, lent to himself as manager of the system, money to meet the bills. In 1896 the Escondido Land and Town Company brought suit to enjoin the District from collecting assessments. A decision of the U.S. Supreme Court upholding the Wright Act, rendered the pressing of this suit useless but the Company continued to refuse payment of assessments. This meant a delinquency of half the lands of the valley so the situation looked hopeless for the farmers who had purchased the other half, and now in increasing numbers refused to pay. Others were willing enough but were not able as their funds had been exhausted in caring for orchards only beginning to yield a production which, without a marketing organization, as often as not brought red ink to the shipper. California still suffered from the after effects of the land boom and a nation wide depression, land was practically valueless, homeseekers a rarity.

By October 1898, City of Escondido was given authority to operate its pumping plants to keep the town in water as the dam was empty and the funds of the district exhausted. A committee of landowners was formed to collect voluntary contributions. Six Hundred dollars were subscribed to put the canal in commission to store water for the coming season. In February 1899, the Merchants National Bank, as trustee, demanded possession of the properties of the District at the instance of the bondholders who were more than a year in arrears on interest payments. As there was no money to run the district it was decided to transfer the property and let the bondholders, through the trustee, finance its operation. Next year, however, a new board held the opposite opinion, brought suit to recover the properties, and won an epoch making decision in water right law to the effect that bonds and bond interest could be collected only by assessment against the land of the district. This was sad news for the bondholders for although assessments were regularly levied each year, payments gradually diminished until in 1902, only \$435.00 was collected for the payment of a year's interest; the operation of the system being completely, though meagerly financed by water tolls. These tolls were not adequate to pay a superintendent, so Mr. Sickler resigned and for a year Mr. Wohlford served without pay as manager of operations. By 1903 interest payments had dropped to the nominal amount of \$135.00. Development was at a standstill. For over five years not a single house had been built inside the district, hardly an orchard planted. Town lots, which in boom days brought \$2000, sold for a wagon load of wood. Landholders feared the loss of their land, Mr. Putnam, who by this time owned practically all of the bonds, feared he would have to take the land and had no desire to do so.

The matter climaxed in the Fall of 1904, when a large section of the main flume burned in a roaring mountain fire. This meant a large sum for replacement if the district was to store water during the coming winter. This sum the settlers refused to pay if their lands were to be forfeited in the near future.

The bondholders likewise declined to make a further dubious investment with interest payments already long at a standstill. In addition to the principal sum, there had already accrued some \$137,000.00 in unpaid interest. This, the landholders could not and would not pay, especially as it was generally felt that the bonds had been taken in and sold by the contractor on a basis of some sixty cents on the dollar in the first instance. Compromise was talked, at first unsuccessfully, as the bondholders would not concede to an acceptable basis. Finally, W.H. Baldrige, for the district, obtained an agreement on the basis of \$228,584.00 in full settlement of bonds and interest, \$201,334.00 to go to the bondholders, the balance to be returned to the district for replacing the burned flumes, after expenses of settlement had been paid. A committee of fifteen was appointed to raise this money on the basis of the assessed value of each parcel of land. As an assessment of this proportion was not authorized by law, it had to be by voluntary contribution. This seemed an impossible task as money was scarce and many landowners had left Escondido for remote corners of the world. The committee worked with untiring effort, the Bank of Escondido loaned generously of its resources. Mr. Wohlford went to San Diego and finally persuaded the Escondido Land and Town Company to pay their proportion - non-resident owners were contacted, and the money was eventually raised and placed in the hands of W.A. Sickler as trustee. This money was used to bid in all the lands of the district which were placed on sale at a foreclosure action brought by agreement with the bondholders to satisfy the bonds, and the lands so purchased were returned to their owners by the trustee, or in the case of the small minority who had failed to contribute, to the Escondido Mutual Water Company, which was organized to take over all the assets of the Irrigation District, who held it until it was later redeemed. Landowners were given a share of stock in the newly organized Company for each dollar contributed to the settlement. The bonds were burned amid much rejoicing in a great celebration held at the site of the present Grape Day Park.

In May 1905, the new Board of Directors of the Escondido Mutual Water Company, A.W. Wohlford, W.H. Baldrige, W.N. Bradbury, John Johnston and Henry Carpenter, met for the first time, electing S.D. Headington superintendent, and E.E. Turrentine, Treasurer, a position the latter has held to the present time.

The demolished flume had been replaced by open ditch, the dam was filled and running over and everything seemed to augur the beginning of a new and happier era. A new era it certainly was, and a more prosperous one, but not for long a happier one for those who had the destiny of the water company at heart. In 1906 a new bank was organized in Escondido and around the two banks rival factions formed. The Bank of Escondido with Wohlford as leader representing the farmers and irrigators, the First National Bank gathering support largely from the townspeople, and the Escondido Land and Town Company, and controlling the Board of Trustees of the City of Escondido. The fight flared first when the Trustees in 1906 refused repeatedly to acquire or lease more stock after their apportionment of water had been used up. The Mutual Company replied by refusing delivery of more water and the City in turn, brought suit to compel delivery and have the Company judged a public utility. The Supreme Court of California upheld the contentions of the Mutual Water Company after prolonged litigation.

In the meantime more pressing worries confronted the Board. The main canal from the San Luis Rey had several miles of wooden flume and many miles of open, unlined ditch. Due to lack of funds this flume had been allowed to deteriorate and settle until it would carry only a few hundred inches of water instead of the 2000 for which it was designed. To flow more water in the low portions caused further settlement until the weight of water split whole sections or toppled them over down the mountain sides. All summer the boards lay exposed to a parching sun, so each winter brought the endless task of caulking and tarring. Each hot, east-windy fall day with a puff of smoke on the horizon to the east brought terror to the hearts of orchardists, lest the whole length of flume be reduced to ashes and the next spring find them with an empty reservoir. To invite this hazard and continue costly, and at the best temporary repairs seemed to Mr. Wohlford and his followers the worst of folly. Far seeing, he realized that another factor was involved. Already the Huntington interests were acquiring riparian lands on the San Luis Rey looking toward the building of a dam at Warners for the generation of electric energy. Water along the San Luis Rey as elsewhere in Southern California, was beginning to have a value which would never lessen. The Mutual Company's prescriptive right to divert water out of the watershed as against riparian owners, was based on usage. It could be lessened or forfeited by non-usage. To continue small diversions through the then frail wooden structures, even though sufficient for the lands then irrigated, would forfeit a right most dearly won and draw a small, restricting line around the Valley's progress. This should not be!

In 1907, Albert Beven, a ranch owner, was elected on the board, a position he held until 1921. He proved to be a staunch ally on the side of progress during the period of reconstruction, giving largely of his time and energy at a time when directors drew no fees of any kind. Some time after the election the Board visited the main canal on an inspection trip. Mr. Wohlford and Mr. Beven reported a critical condition and recommended that work be started at once to replace the worst sections of flume. As the work was of the nature of a permanent improvement they proposed that money be raised by assessment of all the shares of stock, rather than by raising irrigation tolls. The opposing members of the Board said there was no cause for alarm - that the flume with slight repairs would last for many years. The issue was a simple one, with lines clearly drawn. One side were the irrigators, with their plantings at stake, on the other the opposing bank faction with the Escondido Land and Town Company, which owned a large block of stock, used no water and wanted no levies against its ownership. Which policy was to prevail depended on control of the Board of Directors and from 1908 to 1911 each election proved a bitter contest. Proxies were sought in a thorough canvass by each side of all the stockholders of the Valley while non-residents were besieged with letters and telegrams. No one was sure of victory until the votes were counted as often both factions obtained proxies for the same stock, the most recently dated one prevailing. In several instances Mr. Wohlford bought considerable blocks of stock where owners were opposed to paying on it, thereby taking the voting strength from the other side. The policy of reconstruction won out, at first by narrow margin, later by a larger majority, and in 1909 the first assessment of five cents per share brought some eleven thousand dollars for much needed improvement. Another five cent assessment followed early in 1910, one of ten cents that winter and another of like amount in the summer of 1911.

With the funds obtained by these and later levies, the old flumes were gradually replaced by wide, cement lined ditches. Where the slopes were too steep and rocky to permit of easy construction around protruding ridges, tunnels were driven through the solid rock, the longest for a distance of 1900 feet. Later on the old open ditches were enlarged and lined and along with this when the reconstruction of the distribution system throughout the valley where flumes and unlined ditches still abounded. The process was long, costly and burdensome to the landowner but the result was a permanent, adequate system and Escondido has never suffered for lack of water although in one year - 1912 - the reservoir went dry the last of November and pumps were started to supply water to town consumers,

This program of development met with approval from country users, but satisfaction was not so general in the City of Escondido, where no large part of the money had been spent. Many new comers were annoyed by the necessity of buying stock to get meter service, a necessary requirement if the Company was to keep its mutuality. Others complained that lines were not extended rapidly enough to new sections while the taste of the water from algi and vegetable growth brought further criticism. The City Trustees were also unfriendly and anxious to have the City system under their control. In 1912 a move was made to have the City acquire the Company's city works. A board of appraisers acceptable to both sides was appointed to set a valuation but when this was set the City refused to buy at their figure. Other negotiations were had but both sides were unfriendly and unyielding, and finally, the idea was abandoned. In 1913 a city bond election for \$100,000.00 to build a pumping plant, reservoir and distributing system carried by a large majority, and, from then on Escondido had the doubtful distinction of having two parallel, competing systems, until finally in 1923, the City purchased from the Company its city works as an incident to the City's acquiring a portion of the water purchased by the Mutual Company from the Henshaw interests.

POWER DEVELOPMENT.

One of A.W. Wohlford's earliest and most constant dreams was that the drops in elevation along the Water Company's system should be harnessed to furnish hydro-electric energy to light the homes and run the motors of stockholders throughout the valley. As early as 1906 ~~at his request~~ Harry Hawgood was selected as consulting engineer to make a report of the feasibility of putting a plant below the dam with a distributing system and on the basis of this report a bond issue of \$30,000.00 was placed before the stockholders to acquire funds for the work. They were not yet convinced and the issue was defeated. In 1908 the matter was again taken up, and consent granted, but nothing was done, partly because of the opposition of the City to granting a franchise within its limits. In 1909 the City Trustees granted a franchise to a promoter ~~and organizer~~ named Seth Hartley, who assembled an ill fitting assortment of used steam generating machinery and stretched wires throughout the town. The property was capitalized as the Escondido Utilities Company and a liberal issue of \$50,000.00 in bonds was sold to finance the project. Although never profitable, it took away a coveted section of consumers and

delayed the plans of the Water Company for power development for several years.

The Escondido Utilities was soon in financial difficulties with the bonds selling at a half of less of par. Mr. Wohlford, sensing a chance of acquiring the property for the Water Company, purchased a controlling interest in the bonds and brought suit through the trustee to foreclose the property. This was consummated in 1914 and the way seemed clear at last for a united power project. In April 1914, the Mutual Company stockholders approved a \$200,000.00 bond issue, \$60,000.00 for power development to be sold at once, the balance to be used when needed in the future for raising the dam. Previously a contract was consummated with the Government acting for the Rincon Indians, by which the Water Company recognized the right of the Indians to the first six second feet of flow of the San Luis Rey river and agreed to transport this flow for them through the Mutual Company's conduit. In return for this the Indians permitted the erection of a power plant on their land to utilize a drop of 820 feet from the main canal to river level, gave them the right to flow the Indian water through the power plant, and granted the Company the right to divert and store the six second feet of water when not actually needed by the Indians. This contract was most valuable to both contracting parties, as, on the one side it confirmed a liberal water right to the Indians and conserved their supply against losses in the river sands, while on the other it assured water for operation of the Mutual Company's power unit, called the Rincon plant, and enlarged the Company's annual water expentance by some thousand acre feet. With this contract signed and funds available, work was commenced on power plants at Rincon on the San Luis Rey, and below the dam at what was termed the Bear Valley plant. Transmission lines brought the current from both of these generators to the valley where trunk distributing lines made it available to stockholders. Mr. Wohlford's dream was almost realized, but it was due for another set back. The people of Escondido, some of whom were still smarting from their losses in the defunct Utilities enterprise, were unresponsive to the idea of the Mutual Company's taking over the properties, while the Board of Trustees were still frankly hostile to this project.

At about this time the Byllsby interests acquired the San Diego Consolidated Gas and Electric Company and commenced a policy of rapid expansion through the county to block any possibility of encroachment in this territory from the power companies to the north. Pressure was brought to bear from every angle to have Mr. Wohlford sell the Utilities Company to the Byllsbys and finally, sick and somewhat discouraged, he agreed to do so. First, however, for the protection of the Mutual Company, whose interests he had always at heart, he obtained a contract for the Mutual Company from the Gas Company by the terms of which the Gas Company agreed to purchase all the surplus current generated by the Mutual Company at the rate of 1.5 cents per kilowatt hour, for a period of twenty-five years, the rate of payment to be adjusted at the end of the tenth and twentieth years. The Mutual Company also agreed to purchase all current needed from the Gas Company at the same rate. Both agreed to keep out of the other's territory for the life of the contract. This contract was important to the Mutual Company as it relieved them from the necessity of building a steam standby plant to serve their customers when lack of water

usage or river flow during the late fall months caused a failure of water for generation and it further gave them a profitable outlet for their considerable excess of power generated during some nine months of the year which would have otherwise been of doubtful value. With this contract signed, and the assurance of the Mutual Company's attorney that it would undoubtedly be approved by the railroad commission, the sale of the Utilities was consummated. When the commission held a hearing shortly afterwards to the Mutual Company's amazement, the contract was laughingly put aside, so far as the rate for purchased current was concerned, and, as a result, the Gas Company arbitrarily announced that they would pay only one cent per kilowatt for all Mutual Company's power in excess of 100,000 kilowatts per month. ~~There was nothing to do but smile, consent and make the best of the situation.~~

In spite of these set backs, and the prediction that it would not survive for ten years, the Mutual Company's electric project prospered from its inception. Small construction crews, a minimum of overhead, and the absence of engineering and financing charges kept capital and operation costs to a minimum. Lighting and heating rates were slowly dropped from an initial charge of five cents per kilowatt with eight cents for the initial block, to three, then two and finally to a one and one-half cent minimum. At the end of the first year 60 users had been connected, by 1925 this had grown to 485, while in 1931 654 stockholders had electric connections. Kilowatt usage by stockholders has grown more rapidly from its beginning in 1916 to 587,752 Kwh in 1925, and 1,245,571 Kwh in 1931.

The unusually low rate encouraged the electrification of homes throughout the valley so that now nearly every home is equipped with electric stoves, water heaters, refrigerators and all manners of appliances while many homes are entirely electrically heated. Generator facilities were expanded in 1928 by the doubling of the capacity of the Bear Valley power house to utilize the extra water purchased by the Company from the San Diego Water Company. This brought greatly increased revenue with slight additional cost of operation. For many years the electric department has netted and contributed a substantial sum to the payment of the fixed charges of the Company.

The electric project having been safely launched, the Board again set to work on the principal reason for its existence, the securing of an adequate supply of water for the Escondido region. Although the main canal had been thoroughly improved to carry the 2000 inches for which it had been originally designed, and in addition the six second feet of Indian water which the Company usually fell heir to by reason of the 1914 contract with the Indians, these sources usually supplied only a bare 5000 acre feet of water, all of which could not be stored as the dam held only around 3500 acre feet. To raise the dam was in the main, only a matter of adequate funds. To secure additional water was far more difficult as any encroachment on the waters of the San Luis Rey was closely watched by adverse interests.

The City of Oceanside has as early as 1916 filed suit as riparian owners against the Mutual Company seeking to enjoin them from diverting further water from the San Luis Rey on the grounds that such a diversion would tend to cause a lower water table on the river.

This suit was never brought to trial, probably because of extensive engineering data collected by the Mutual Company which refuted this claim, but it still stood as a warning against further diversions of the Mutual Company. Oceanside was, however, only a minor obstacle. In 1911 William G. Henshaw, an Oakland capitalist, acquired through the vehicle of the San Diego County Water Company, the Warners Ranch with all its water rights and the dam site on the upper San Luis Rey. He immediately set about acquiring all the riparian lands between the dam and the mouth of the river, some sixty miles distant, and in a few years had secured the great majority of these lands or their water rights. In 1912 an agreement was reached between Henshaw and the Mutual Company which recognized the right of the latter to 1,350,000,000 gallons of water annually, if the same could be diverted from the river in a canal of 2,000 inch capacity. Although it restrained them from claiming progressively larger diversions in the future, this was significant to the Mutual Company for it recognized their right to the maximum diversion they had made to that time, an amount of water considerably in excess of the storage capacity of their reservoir. This, however, was only half the amount the Valley would eventually need if it was to be intensively developed, and where to find the remaining amount was a puzzling problem. It was thought that if ever the Warners dam was built some arrangement could be made for the purchase of water from this source, but how much, at what terms and when, were all questions without answers. Many people were calling for action and in 1920 a board headed by Niels Matzen and Bert Rose was elected to proceed without delay to acquire additional water. The San Luis Rey was the only feasible source of gravity water so they made a new filing on this stream for a total of 20,000 acre feet of water to be transported through a canal of 3,000 inch capacity to a dam which would be raised to a height of 115 feet, having a completed capacity equal to the 20,000 feet filed for. This project was never carried out in the above form and it is open to question whether the Mutual Company could have, to any extent, enlarged its appropriation right against such strong adverse interests. It did have the effect of arousing the Henshaw people to make immediate plans for the building of their dam and of bringing them to the Mutual Company with propositions for the sale of water and the exchange of services. In April 1921 a new board was elected consisting of Matzen, Prior and Conway, leading orchardists in the valley - Wohlford, and Earl M. Cranston, President of the Escondido Land and Town Company, which he had acquired in company with a Denver syndicate in 1912. This new board decided that to proceed on the basis of the recent filing would mean a long, costly legal battle with uncertain chance of success. This burden they did not wish to place on the backs of the then stockholders who were just drawing their first free breath after years of heavy assessments. The only course left was to negotiate with the San Diego County Water Company for the purchase of water from the Henshaw Dam. This company was eager to deal with the Mutual Company as it not only welcomed the possible sale of water to an old, established water company in sound financial condition, but it was also interested in the right to use the Mutual Company's main conduit for the transporting of water from the Henshaw dam and their Lake Wohlford reservoir for regulation and distribution of this water. Frequent conferences were held during the last part of 1921 and 1922 at which many matters were tentatively agreed on and much progress made. It was agreed that the San Diego Company would

sell the Mutual Company annually 2,500 acre feet of water delivered at the Mutual Company's intake on the San Luis Rey for the sum of fifteen dollars per acre foot, with an option to purchase another 2,500 acre feet or any part thereof within the period of another three years. The San Diego Company consented to pay a rental of ten thousand dollars per year for the use of the Mutual Company's main conduit and to pay two-thirds of the cost of improving and enlarging this conduit to a seventy second foot capacity. Disagreements were many and at times, when the conferences broke up it looked as if agreement could never be reached but some acceptable basis was finally found in each case. Finally, however, the question of the extent of the Mutual Company's water rights came up and a real deadlock occurred. Under the terms of the 1912 Henshaw contract the right of the Mutual Company to 1,350,000,000 or 4000 acre feet of water if they could divert this amount, was assured. Nothing, however, was said in this contract about the ~~controllable amount of water~~ salvaged by the Mutual Company from the unused portion of the Rincon Indians' water right to which the Mutual Company became entitled by virtue of their contract with the Indians in 1914. The San Diego Water Company contended that this so called "Indian Water" was included in and to be charged against the 4,000 acre feet to which the Mutual Company was entitled. The Mutual Company directors were convinced that as the Indian water was acquired subsequent to the Henshaw contract, and in addition to their own appropriation right, it was not included in or contemplated by the 1912 contract, and should be considered entirely apart from and in addition to the 4,000 acre feet. In the end an agreement was reached on terms practically supporting the Mutual Company's contentions, its only concession being the relinquishment of Indian water accruing in the months of July, August, September and October, and part of November and December, a period of the year when no water of great consequence originated. These points disposed of, agreement was reached on other matters with only minor conflicts and the contract, a document of fifty-five typewritten pages, was formally signed on November 10, 1922. When signed, it was to be placed in escrow to be delivered only if and when the Mutual Company was able to dispose of the 2500 acre feet of water purchased by it to landowners in the Escondido Valley. This they proposed to do by issuing 100,000 shares of stock at \$1.50 per share, each 40 shares to entitle the purchaser to delivery of an acre foot of water annually on payment of the \$15.00 annual purchase price to the Mutual Company for transmission to the San Diego Water Company. This stock was designated as Class B stock to distinguish it from the existing stock which was entitled to all water from appropriation rights and other sources. The money secured by the sale of this stock was to be used in the enlargement of the distribution system of the Mutual Company, the raising of Lake Wohlford, and the payment of the Mutual Company's one-third of the cost of enlarging their main conduit.

To sell this stock was a difficult and strenuous task. Those with producing orchards were already in large part supplied with water, owners with undeveloped lands really needing the water had little money or disposition to purchase stock. A citizen's committee was appointed - the territory divided into districts - and every land owner in the valley solicited. Feeling ran high against those refusing to purchase their needed proportion and every sort of pressure was brought to bear on them. The cause

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was considerably helped by the purchase of 8000 shares by a syndicate of developers headed by A.Z. Taft, Jr., of Hollywood, which acquired a large tract of land on the southern edge of the district. The collapse of the land boom in Hollywood carried with it the eventual failure of this enterprise, but the stock by that time was absorbed by other developments and never became a burden on the company. Public opinion also favored the acquisition by the City of Escondido of a quantity of this water to be used in place of and to supplement the limited supply of harder pumped water than being used. The Trustees, now more friendly to the Mutual Company, agreed to buy 20,000 shares on condition of the Mutual Company's retirement from supplying it's stockholders throughout the city. This retirement was effected through the sale to the City for \$12,500.00 of the Mutual Company's City system and the Mutual Company showed it's good will by lending the purchase price back to the City to apply on it's stock purchase. Finally, when the time for the expiration of the option drew near and subscriptions were still short, a merchant's committee sold stock in small blocks up and down the business section to make up the difference. The amount was finally subscribed, the contract taken from escrow and delivered, and Escondido started a new era of development with a greatly enlarged water supply.

In addition to the enlargement and improvement of the main conduit, accomplished under the direction of the San Diego Water Company during periods when it was not in use through three succeeding summers, the contract called for the enlargement of the Mutual Company's dam up to the 95 foot contour. It was decided that this would be converted into a clay core, hydraulic fill dam, the old rock structure to form the outer wall for the fill. The work was done directly by the Company which hired men, teams and equipment for the purpose. Supervision was interrupted at an early stage when the general manager of the company, J.B. Dixon, was taken to the hospital for a serious operation. Meredith Conway, then President of the Board, was chosen as operative head and gave liberally of his time in the furtherance of the construction. The new dam also called for a new outlet tower and passage, which was drilled through solid rock on the south side of the dam.

To complete these projects took not only the \$150,000.00 from Class B stock sales but the proceeds of \$140,000.00 of Series II six per cent bonds, voted in 1914 but never before used. After some unsuccessful negotiations with bond houses they were purchased by the First National Bank of San Diego and the Escondido National Bank through their respective Presidents, Frank Belcher and A.W. Wohlford at a price of 98 cents on the dollar par value. The \$140,000.00 of this bond issue still outstanding was retired in 1928 when a new issue of \$375,000.00 was voted for further improvements to the distribution system, for the enlargement of the electric generating system, and the acquisition of farm lands flooded by the raising of the dam. Of this authorization \$310,000.00 were actually sold - practically the entire amount disposed of over the counter of the Mutual Company to it's own stockholders without a cents worth of advertising or underwriting expense.

These later developments Mr. Wohlford was not destined to see to completion. The long, wearing conferences, preliminary to the 1922 contract, the many sleepless nights when he paced

the floor for hours pondering on the proposals of the previous day and their solutions, exacted a toll of vitality which he was never able to restore. His death on August 15, 1924, brought to everyone in sharp outline a realization of the extent of his service and sacrifice for the company in whose welfare he was so completely absorbed. The feeling of the community was well expressed in the resolution of the Board of Directors which testified that:-

"For a third of a century Mr. Wohlford's name has stood in this community as a synonym for integrity, ability, courage, public spirit, and the great achievements which attend these qualities. He was the Strongheart of this company and of the Escondido Valley, brave, alert, and resourceful in guarding and advancing all worthy interests of our people. Every home in the valley with electric light and power and water bears witness to his high service to the community in building and strengthening this company's system. We are grateful for his vision and foresight; we rejoice in his courage and strength which have turned that vision and foresight into reality. He well deserved the trust and honor in which our people have so highly held him in his every relation to them as a banker, a constructive builder, a counsellor and a friend".

As a tribute to Mr. Wohlford the Mutual Water Company's reservoir was named Lake Wohlford by resolution of the Board of Directors.

The last few years have been busy ones for those directing the affairs of the company. The major tasks have been ones of enlargement, improvement and refinement of both the water and light system and to this end delivery capacities have been increased by larger or additional pipe lines and larger copper on the transmission lines. An annual stockholders meeting having favored the policy of increasing main laterals to provide for delivery of water practically on order rather than on schedule the directors drew up a comprehensive plan of improvement embracing a steel pipe-line coming directly from the power plant to the center of greatest water usage together with equalizing reservoirs at strategic points throughout the system which improvements they propose to construct from operating revenues and depreciation reserves without resort to further financing.

At time of writing - September 1932 - the company continues in excellent shape. In spite of the very severe world-wide depression, which has thrown many irrigation projects into default and bankruptcy, the Mutual Company continues to meet its bond interest and principal payments promptly, and at the same time has reduced water and light rates to its shareholders. It has a substantial cash reserve against emergencies, and for further improvements. Although water deliveries have doubled in the past five years, due to increased storage facilities and purchased water, it came through the recent long dry spell with never less than two years supply in storage. From present

indications it seems practically certain that with a conservative future growth in electric tolls and water usage the company should be able to reduce water rates to a minimum as the present bonded indebtedness is retired and the program of improvement completed. The company is fortunate in having selected as directors, men of high intelligence, who have devoted a large portion of their time and thought to the Company's welfare. The present board comprises men with qualifications along many lines. Several have a long background of service on the Board. W.W. Prior, and E.M. Cranston have served as directors since 1922, B.C. Wohlford, since his father's death in 1924. Of the more recently elected members, W.G. Ross and Lawrence Green, brought to the board their wide experience as operators of large scale electric companies. H.R. Greaves is a citrus orchardist of considerable experience. The seventh member of the board is selected by custom from the Trustees of the City of Escondido, to represent the City's investment in the Company. J.B. Dixon, Manager, has been with the company since 1904. He is unusually able and resourceful with intimate knowledge of all phases of the Company's affairs.

With adequate water, productive land, well able to carry the cost of its application, a profitable electric operation and conservative management, the company should in the future easily keep pace with the growth of one of the fastest developing agricultural communities in Southern California.

Ed Fletcher Papers

1870-1955

MSS.81

Box: 73 Folder: 8

Writings and Interviews - Draft: History of Escondido



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