

originally filed
 17 MARCH 23, 1926
 to So. Title Guaranty Co.
 com
 [8 letter at
 March 19, 1924
 to E.F. from W. Shropshire]

Cuyomaca Water Co's Lands

Lands Retained
 by Cuyomaca Water Company

Lands Transferred to
 La. Mesa - Lemon Grove & Spring Valley Irrig Dist.

- Eucalyptus Res. Lands
- Grossmont Reservoir No 1 Land
- " " No 2
- " " No 3
- " " No 4

City of El Cajon

- Webster Reservoir Land < Blk 9 Villa Corvita >
- Tank " " < Portion Blk 8 Villa Corvita >

Murray Hill Reservoir Lands

- El Monte Pump Lands - < Portion Retained > ✓
- Guyomaca Reservoir Lands < Above Flood line & caretaker's House > ✓
- Cuyomaca Island < Above Flood line > ✓
- Kuehner 1st Purchase < Above Flood line > ✓
- " 2nd " 53746 " ✓
- Judson Lands < Fletcher Lake above flood line > ✓
- Marks " " 62439 " ✓
- Ray " < El Capitan " " " > ✓
- Powerty Gulch & Conchas Res. Sites < Capra de Oro M. Co. > ✓
- Miles Reservoirs No 1 & 2 ✓
- Normal Hts (Res No 2 and Lot 12, Blk 54) ✓
- Mission Gorge Lands:
 - Lot B
 - 1/2 Lot C
 - Portion Lot E
 - Lot F

- El Monte Pump Lands < Portion Transferred >
- Guyomaca Reservoir Lands < Below Flood line and land around caretaker's House >
- Cuyomaca Island < Below flood line >
- Kuehner 1st Purchase < Below flood line >
- " 2nd " " "
- Judson Lands < Fletcher Lake below flood line >
- Marks " " " "
- Ray " < El Capitan " " " >
- Murray Reservoir Lands < Except Land round Club House >

Property Taxes on 368 A
 Latus = Reservoir from Mrs Murray
 also Miles Reservoir

~~El Cajon~~
 65,1924
 10.15 ✓
 on the last page where
 he signs "The 1015 ft
 contour above sea level
 No. B. B." I am going to
 put that on the next
 leaf and add this a
 Hedquist deed -

(win) After Parcel 7 in deed. Substituted by Sears
EXCEPTING therefrom that portion thereof deeded to

the La Mesa, Lemon Grove and Spring Valley Irrigation District of San Diego County by Ed Fletcher and Mary C.B. Fletcher, husband and wife, by deed dated April 3, 1926 and filed for record April 6, 1926, described as follows:

Beginning at a point in the center line of the County Road known as Route 8 Division 4, a map of which is on file in the office of the County Surveyor, said point being also at Station 348 plus 99.00 on the center line of said County Road as shown on said Map thereof; said point being also at the intersection of the said center line of road with the boundary line of that portion of said Lot E conveyed to the La Mesa, Lemon Grove and Spring Valley Irrigation District by Ed Fletcher and Mary C.B. Fletcher, husband and wife, by deed dated June 22, 1925 and recorded in Book 1149, page 342 of Deeds, Records of said San Diego County, running thence with the said boundary line South 51° 00' West 75.08 feet; thence leaving the said boundary line and running at right angles South 39° 00' East 40.00 feet, thence North 51° 00' East 78.70 feet to a point on the center line of the aforementioned County Road; thence following said center line of road North 44° 10' West 40.16 feet to the point of beginning.

San Diego, California,

January 16, 1924.

To: Ed Fletcher, Sole
Surviving Partner
of the Cuyamaca Water
Company, a Co-partnership,

San Diego, California.

Dear Sir:

This will acknowledge receipt of your communication to us under date of January 16, 1924, in which you offer to sell and transfer to the Cuyamaca Water Company, a corporation, the properties which you now own and control, consisting mainly of a water system in San Diego County, California. A detailed description of which said property is attached to your said communication.

The offer set forth in your said communication of January 16, 1924, is hereby accepted, and we will join with you in an application to the Railroad Commission for the consummation of the said sale and purchase, and for the issuance of stock and bonds to provide the capital stock to consummate the purchase price specified in your said offer.

Respectfully submitted,

CUYAMACA WATER COMPANY,
a corporation.

By Ed Fletcher
President

Attest:

M. E. Fletcher
Secretary

1 San Diego, California.

2 January 16, 1924.

3 Cuyamaca Water Company,

4 A Corporation,

5 San Diego, Calif.

6
7 Gentlemen:

8 The undersigned, as sole surviving partner of the
9 partnership formerly composed of James A. Murray, now deceased,
10 Ed Fletcher, and William G. Henshaw, doing business under the
11 firm name and style of Cuyamaca Water Company, hereby offers
12 to sell and transfer to you - Cuyamaca Water Company, a corpo-
13 ration - all of its property of every kind, consisting mainly
14 of a water system in San Diego County, California. A detailed
15 description of said property is attached hereto and made a part
16 of this offer.

17 The purchase price for said property to be bonds of
18 your corporation of the par value of Seven Hundred and Fifty
19 Thousand Dollars (\$750,000.00), secured by a trust deed and a
20 first lien upon said property, together with One Million Dollars
21 par value of the capital stock of your corporation, and you may
22 have the option of either making payment in said bonds or
23 stocks, or in selling said bonds and stock, and paying the
24 amount realized from such sale as such purchase price.

25 All of the said property is now owned by Ed Fletcher
26 and the estate of James A. Murray, deceased, of which Mary H.
27 Murray, widow of said James A. Murray, is the sole heir, and
28 proper conveyances will be executed by the said parties to
29 convey the said property to you, free and clear of all
30 incumbrances.

31 This offer is made conditional upon your acceptance

1 within five (5) days thereof, and joining with the undersigned
2 in an application to the Railroad Commission for the confirma-
3 tion of the sale and the issuance of said stock and bonds with-
4 in thirty (30) days from the date hereof.

5
6 Respectfully submitted,

7 CUYAMACA WATER COMPANY, a partnership,

8 By Ed Fletcher
9 Manager and Sole Surviving
10 Partner

O R D E R.

.....

James A. Murray and Ed Fletcher having applied to this Commission to sell and the Cuyamaca Water Company, a corporation, having applied to the Commission to purchase all of the property owned by the said Murray and Fletcher and operated as the Cuyamaca Water Company, and a hearing having been held, and being fully apprised in the premises, the Commission hereby finds as a fact that public convenience and necessity will be served by the transfer of the property herein described to the Cuyamaca Water Company upon the terms and conditions hereinafter set forth; and, basing its order on the foregoing finding of fact, it is hereby ordered --

First -- Permission is granted to James A. Murray and Ed Fletcher, doing business under the name of the Cuyamaca Water Company, a co-partnership, to sell, and permission is given to the Cuyamaca Water Company, a corporation, to purchase all of the property owned by said Murray and Fletcher ~~en-~~the~~~~ and used in the operation of the water system owned by the applicants, being all of the property acquired by said Murray and Fletcher on the first day of June, 1910, theretofore owned by the San Diego Flume Company, together with all additions and betterments made thereto to the present date, which said property is more particularly described in "Exhibit B" of the application herein.

Second -- Cuyamaca Water Company is hereby authorized to issue and deliver to James A. Murray \$500,000.00 par value of stock, and to Ed Fletcher \$100,000.00 par value of stock in return for said property herein authorized to be purchased.

All of this order subject to the following conditions:

Order,

-2-

1. The stock herein authorized to be issued shall not be taken before this Commission or any other public authority as representing for rate fixing purposes the actual value of the property.

2. Said property to be transferred and to be taken by said corporation subject to all existing valid burdens and obligations.

3. Cuyamaca Water Company shall report to this Commission the date of the issue of the stock herein authorized and shall file a certified copy of the deed of conveyance from Murray and Fletcher.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 24th day of June, 1914.

[W] City of [unclear] pp. 2
WTR Co CSM

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Decision No. 4057, grade crossing; not printed. See end of volume.
Decision No. 4058.

OPINIONS AND ORDERS
OF THE
RAILROAD COMMISSION OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF JAMES A. MURRAY AND ED FLETCHER FOR AN ORDER FIXING RATES TO BE CHARGED AND COLLECTED FOR WATER FURNISHED AND TO BE FURNISHED BY THEM, AND SERVICE RENDERED BY THEM IN FURNISHING WATER, AND IN FURNISHING, CARRYING AND CONVEYING WATER IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

Application No. 1231.

Decided January 25, 1917.

California State Printing Office.

COMMISSIONERS

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

EXAMINERS

PHILIP BANORFT.
HARRY A. ENOELL.
MYRON WESTOVER.

Copies of the Decisions of the Railroad Commission of California may be procured at the subscription rate of 50 cents per month. Single copies, 5 cents. Bound volumes, \$1.50.

Address all communications to

CHARLES R. DETRICK,
Secretary,
833 Market Street, San Francisco.

IN THE MATTER OF THE APPLICATION OF JAMES A. MURRAY AND ED FLETCHER FOR AN ORDER FIXING RATES TO BE CHARGED AND COLLECTED FOR WATER FURNISHED AND TO BE FURNISHED BY THEM, AND SERVICE RENDERED BY THEM IN FURNISHING WATER, AND IN FURNISHING, CARRYING AND CONVEYING WATER IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

Application No. 1231.

Decided January 25, 1917.

A proceeding upon application that the Railroad Commission establish a revised schedule of rates for domestic and irrigation service for the system of applicants. Following rates established to become effective March 1, 1917: Monthly minimum for each service connection \$1.00 for 1/2-inch connection ranging to \$4.00 for 3-inch connection or larger. General use, one thousand cubic feet, 25 cent per 100, one thousand to five thousand cubic feet 15 cents per 100, five thousand to one hundred thousand cubic feet 12 cents per 100, over one hundred thousand cubic feet 8 cents per 100. Irrigation use above two thousand cubic feet 2 1/2 cents per 100. Public use, street sprinkling, etc., 12 cents per 100 cubic feet per month, fire service, \$2.00 per hydrant per month. Other uses at general rates.

Held: 1. When an excessive investment is made by a utility solely for the purpose of serving a few consumers, the balance of the utility's consumers should not be burdened with rates sufficiently large to provide a return on such an investment which can not possibly be of any benefit to them, and as the few consumers served can not possibly pay rates permitting of a fair return thereon, the general rates charged other consumers should be collected.

2. Existing consumers of a water utility can not fairly be called upon to pay a return on construction unreasonably in excess of their present requirements, accordingly a reduction should be made account of the excess capacity of the transmission system of applicants and a corresponding reduction in the allowance made for depreciation.

3. In establishing rates the Railroad Commission generally takes into consideration capital expenditures which might reasonably be expected to be made during the ensuing year. As applicant is required to raise the height of its dam so as to enable it to store 100 feet of water and to improve its transmission and distributing systems accordingly, such expenditures will be included in the amount of investment upon which rates are based and depreciation annuity fixed accordingly.

4. Depreciation annuity established on the 6 per cent sinking fund basis on such depreciable property as is now used and useful in the service of water to applicants' consumers, including the additional investment of \$150,000.00 herein required.

5. When a utility has been considerably damaged by disastrous floods an allowance will be made in maintenance and operating expenses (\$2,500.00 annually in the present instance), sufficient to amortize, over a period of years, the damage done.

6. It is practically impossible to fix, with scientific accuracy, the price to be paid for a surplus product such as the surplus waters of the San Diego River delivered by applicant to the city of San Diego for its municipal distributing system, accordingly the price to be paid therefor is left to negotiations between the parties in interest.

7. The fact that a transmission system was constructed for the purpose of serving one large consumer, which large consumer is subsequently lost to the utility, is not sufficient reason to burden the smaller consumers with rates sufficient to provide a return upon a system considerably larger than is necessary to adequately care for their requirements.

8. When a utility has surplus water to dispose of, its present consumers should have preference thereto, afterwards such additional consumers may be taken on as the facilities of the utility will permit.

9. A utility is required to have uniform nondiscriminatory rules governing the distribution of water. The group consumers of applicants should be served under one of two rules: (1) When water is taken direct from the transmission system and distributed by the consumers themselves, it should be paid for as a whole and individual collections made and the distributing system maintained by the consumers themselves; (2) When distributed by applicant, collections should be made by applicant in accordance with individual consumption, and the distributing system maintained by applicant.

Sweet, Stearns & Forward, by *F. W. Stearns, S. B. Robinson and A. E. Chandler*, for James A. Murray, Ed Fletcher, William G. Henshaw and Cuyamaca Water Company.

Edgar A. Luce, for La Mesa, Lemon Grove and Spring Valley Irrigation District.

D. G. Gordon, Sumner & May and P. S. Thatcher, for consumers of flume line.

T. B. Cosgrove, city attorney, for city of San Diego.

F. G. Blood, for city of East San Diego.

Haines & Haines, for Lemon Grove Mutual Water Company, Lemon Grove Park and Fairmont Water Company.

Fred L. Burgan and C. R. King, for Normal Heights water consumers.

D. L. Wood, for Granada Tract.

Titus, Creed, Jones & Dall, for C. A. Hooper & Company.

THELEN and LOVELAND, Commissioners.

James A. Murray and Ed Fletcher, copartners doing business under the firm name and style of Cuyamaca Water Company, hereinafter referred to as the Cuyamaca company, ask the Railroad Commission to make its order establishing just and reasonable rates to be charged by them for water sold for domestic and irrigation use in a portion of San Diego County, California.

The subject matter of this opinion will be discussed under the following heads:

1. Proceedings affecting Cuyamaca company.
2. Existing rates.
3. Rate base.
4. Depreciation annuity.
5. Maintenance and operating expenses.
6. Capacity of system—present and prospective.
7. Rates herein established.
8. Rules and regulations.

1. Proceedings Affecting Cuyamaca Company.

In Application No. 118, the Cuyamaca company filed its petition alleging, in effect, that its rates for water sold by it were unjustly low and asking the Railroad Commission to establish just and reasonable rates. After exhaustive investigation, this commission, on March 28, 1913, made its Decision No. 536 in said application (Vol. 2, Opinions and Orders of the Railroad Commission of California, p. 464). In this decision, this commission, speaking through Commissioner Eshleman, found that the fair value of the Cuyamaca company's property devoted to the public use was, at the time of the decision, the sum of \$352,500.50; that reasonable maintenance and operating expenses would be \$28,600.00 per annum, but that pending the renewal of the Cuyamaca company's flume, the company could not, in justice and under the law, demand more than the proportion of its operating and maintenance expenses which was represented by the adequacy of the system, which sum was approximately \$21,000.00; that a reasonable depreciation annuity on the straight-line theory would be \$21,150.03; and that a reasonable gross revenue would be \$66,825.03. Basing its decision on these findings and on the other findings which are contained in the opinion in said decision, the Railroad Commission made its order authorizing the Cuyamaca company to increase its rates for water in the amount and under the conditions specified in the order in said decision. The order contains specific findings of fact and then provides as follows:

"It is hereby ordered that the applicants herein begin immediately the construction of a flume in lieu of the one now used, which flume shall be of a character satisfactory to this commission after the plans therefor have been submitted to it, but shall in any event be a closed flume or conduit of suitable material to be determined on the submission of the plans to this commission; and

It is further ordered that within thirty (30) days from the date of this order that the applicants file with this commission plans and specifications of said flume; and

It is further ordered that said applicants take immediate steps to increase the available supply of water so that the same may be

increased over the present available supply at least 33½ per cent. While the commission does not at the present prescribe details with reference thereto, it reserves and does not finally determine this question, and in the event that these applicants do not within a reasonable time in the opinion of the commission begin the construction of other facilities than the ones specifically ordered herein, this particular matter being held open for decision and for the further submission of evidence, will again be considered by this commission after due notice to the applicants and the parties hereto as required by law; and

It is further ordered that no additional consumers be added to this system except domestic consumers under the terms hereinbefore in this opinion and order set out; and

It is further ordered that the following rates be and they are established as just and reasonable and the only rates to be charged by the applicants herein:

(1) For domestic use, 25 cents per thousand gallons, with a minimum charge of \$1.25 per month, the applicants to furnish meters and cost of installation of all facilities, the consumer to furnish pipes upon his own premises.

(2) For water to the La Mesa Mutual Water Company for domestic use within the town of La Mesa, 15 cents per thousand gallons, with a minimum charge of \$100.00 per month.

(3) For water for irrigation purposes, including domestic purposes incident thereto, taken from the flume as hereinbefore described, \$65.00 per miner's inch per annum.

(4) For water for irrigation purposes, including domestic purposes incident thereto, other than that taken from the flume, \$70.00 per miner's inch per annum.

All of said rates to be charged under just and reasonable regulations as regards service as the company may adopt and this commission approve, and shall apply on and after July 1, 1913, and before such time the applicants shall file with this commission rates in accordance herewith; and

It is further ordered that each and every portion of this order is made in contemplation of the performance by the applicants of every other portion thereof, and that this order is not to be considered as separable, and that no rates other than the ones that are now being charged by these applicants may be charged or collected until said applicants have complied with all of the provisions of this order or shall satisfy this commission that they are in good faith proceeding to comply therewith."

The Cuyamaca company having represented to the Railroad Commission that it was proceeding in good faith to comply with the provisions of said order, the company was permitted to charge and collect the rates specified in said order. These rates were accepted without contest by the Cuyamaca company's consumers. With minor modifications, to which it is not necessary here to refer, these rates have been in effect continuously subsequent to July 1, 1913.

Thereafter, in Application No. 756, the Cuyamaca company asked authority to increase its charges for water to cover the cost of securing a temporary additional supply to relieve a shortage in supply and for other reasons. In its Decision No. 1186, made in said proceeding on December 31, 1913. (Vol. 3, Opinions and Orders of the Railroad Commission of California, p. 1240), the Railroad Commission, speaking through Commissioner Loveland, found that the Cuyamaca company had not complied with the conditions contained in the order in said Decision No. 536 and ruled that the petition in Application No. 756 should be held in abeyance pending the compliance by the Cuyamaca company with the order in said Decision No. 536. The Cuyamaca company was advised that upon compliance with the order in said Decision No. 536, the company might apply for a readjustment of its rates, at which time the entire matter would be considered and adjusted. Thereafter, on July 10, 1914, the Cuyamaca company filed its original petition in the present proceeding, in which petition the Cuyamaca company requested that its rates be further increased.

Subsequent thereto, the Cuyamaca company and La Mesa, Lemon Grove and Spring Valley Irrigation District filed their joint petition in Application No. 1432. This petition recited that the parties had entered into an agreement dated November 17, 1914, in which the Cuyamaca company agreed to sell its system to the La Mesa district and the La Mesa district agreed to purchase the same, at such price as should be established by the Railroad Commission. The parties asked the Railroad Commission to fix and determine the fair price to be paid and received for said system.

Shortly thereafter, the city of San Diego filed with the Railroad Commission its petition in Application No. 1482. This petition alleged, in accordance with the provisions of section 47 of the Public Utilities Act, that the city of San Diego desired to acquire by eminent domain proceedings, or otherwise, the property of the Cuyamaca company and requested that the Railroad Commission fix and determine the just compensation to be paid by the city for said property, as provided by section 47 of the Public Utilities Act.

By consent of all parties, it was stipulated that the evidence taken in each of the three proceedings next hereinbefore specified, being the present proceeding and Applications Nos. 1432 and 1482, might be considered in each of said three proceedings. It was further stipulated that the evidence taken in Application No. 118, being the first proceeding affecting the Cuyamaca company, might be considered in each of these three proceedings. Accordingly, we have before us in the present proceeding the entire evidence heretofore taken in Applications

Nos. 118, 1432 and 1482, as well as the evidence specifically introduced in the present proceeding.

On June 26, 1915, the Railroad Commission made its decisions in Applications Nos. 1432 and 1482, and its order *pendente lite* in the present proceeding.

In Decision No. 2527, made in said Application No. 1482, *City of San Diego*, the Railroad Commission, speaking through Commissioner Thelen, found that the just compensation to be paid by the city of San Diego to the Cuyamaca company for almost its entire property was the sum of \$745,000.00 and that the just compensation to be paid by the city of San Diego for a designated portion of said property was the sum of \$644,669.00, with the additional sum of \$32,966.12 for severance damages (Vol. 7, Opinions and Orders of the Railroad Commission of California, p. 305).

In Decision No. 2531, made in said Application No. 1432, *Murray and Fletcher and La Mesa District*, the Railroad Commission, speaking through Commissioner Thelen, found that the fair price to be paid by the La Mesa district for the property of the Cuyamaca company under the agreement of November 17, 1914, was the sum of \$745,000.00 (Vol. 7, Opinions and Orders of the Railroad Commission of California, p. 334).

In Decision No. 2525, made on the same day in the present proceeding, the Railroad Commission, speaking through Commissioner Thelen, held, in view of the supposed imminent purchase of the property of the Cuyamaca company either by the La Mesa district or the city of San Diego, and of other matters referred to in the opinion therein, that further consideration of the present proceeding should be deferred until November 15, 1915, at which time, if the Cuyamaca company should still be the owner of its water system without prospect of sale in the immediate future, and if the company had rendered full service to its customers during the irrigation season of 1915, the company might, by supplemental petition, ask the Railroad Commission to resume further consideration of this proceeding.

On January 6, 1916, the Cuyamaca company filed herein its supplemental petition alleging, in effect, that there was no reasonable prospect of selling its system either to the La Mesa district or to the city of San Diego and asking that the Railroad Commission proceed with further hearings herein. At a hearing held on this supplemental petition on February 25, 1916, in the city of San Diego, the La Mesa district protested against the resumption of hearings, on the ground that the district was willing to perform every condition in the contract of November 17, 1914, by it to be performed and expected shortly to acquire the property. The representatives of the Cuyamaca

company at said hearing represented that they were also willing to perform the conditions to be performed by them. There appearing to be a reasonable prospect that the parties might agree, further proceedings herein were suspended until the further order of the Railroad Commission.

The Railroad Commission having thereafter become convinced that there is no reasonable prospect in the immediate future of the transfer of the Cuyamaca company's property either to the La Mesa district or to the city of San Diego, further hearings herein were resumed. These hearings were held in San Diego on August 5, 7, 8 and 9, 1916. This proceeding has been submitted and is now ready for decision.

Reference is hereby made to each of the decisions affecting the Cuyamaca company, hereinbefore referred to. In the present opinion, we shall consider only such additional matters as are necessary to the determination of this proceeding.

2. Existing Rates.

For a discussion of the rates of the Cuyamaca company prior to the revision thereof by the Railroad Commission in Decision No. 536 of March 28, 1913, in Application No. 118, the conditions under which such rates were established and maintained, the so-called water right contracts and the moneys paid thereunder by the consumers under this system to the predecessors of the Cuyamaca company, and to the acquisition of the property by the Cuyamaca company subject to all outstanding obligations, reference is hereby made to the decision of March 28, 1913, in Application No. 118, and also to Decision No. 2531, made on June 26, 1915, in said Application No. 1432.

With certain exceptions, the rates charged by the Cuyamaca company are the rates established by the Railroad Commission in the decision of March 28, 1913, in Application No. 118, which rates were as follows:

1. For "domestic" use, 25 cents per 1,000 gallons, with a minimum charge of \$1.25 per month, the Cuyamaca company to furnish meters and to install all facilities and the consumer to furnish the pipes upon his own premises.
2. For water to La Mesa Mutual Water Company for "domestic" use within the town of La Mesa, 15 cents per 1,000 gallons, with a minimum charge of \$100.00 per month.
3. For water for "irrigation" purposes, including "domestic" purposes incident thereto, taken from the Cuyamaca company's flume, \$65.00 per miner's inch per annum.
4. For water for "irrigation" purposes, including "domestic" purposes incident thereto, other than that taken from the flume, \$70.00 per miner's inch per annum.

The rate paid by the Fairmont Water Company was subsequently established at 15 cents per 1,000 gallons (Vol. 7, Opinions and Orders of the Railroad Commission of California, p. 324).

During the period of the year in which surplus water was available from the San Diego River, the Cuyamaca company has been selling such surplus water to all persons desiring to purchase the same, at the rate of 10 cents per 1,000 gallons. As will hereinafter appear, a very considerable amount of surplus water has been thus sold to the city of San Diego.

It has been impossible to establish a satisfactory distinction between water used for "irrigation" purposes and water used for "domestic" purposes under the Cuyamaca company's system, in accordance with the rate schedule of March 28, 1913, as hereinbefore set out. The attempt to have the so-called "domestic" rate apply to lots of one-half acre or less in size and of having the so-called "irrigation" rate apply to lots in excess of one-half acre in size has resulted in a large number of indefensible inequalities and inconsistencies. The form of this rate must be entirely changed.

The Cuyamaca company urges that the rates now in effect fail to yield the gross revenue to which the company is entitled and hence asks that the Railroad Commission authorize a further substantial increase in said rates.

Part of the consumers take the position that no increases whatsoever should be permitted. Many of the consumers holding so-called water right contracts urge that they consented to the increase in rates established by the Railroad Commission in said Application No. 118, only because they expected that under the order in said decision the safe yield of the system would be very substantially increased by the Cuyamaca company, so that the position of the consumers under this system, in view of the periods of drought to which this system is subject, would be made more secure. Other consumers herein take the position that they would be willing to pay a reasonable increase in the rates, provided that they could feel assured that the Cuyamaca company would now proceed to the development of such additional storage facilities as might now be specified by the Railroad Commission.

3. Rate Base.

As already indicated, the fair price for the specified portion of the Cuyamaca company's system fixed and determined by the Railroad Commission in said Applications Nos. 1432 and 1482, to be paid by the La Mesa District and by the city of San Diego, respectively, for said property as of June 30, 1915, was the sum of \$745,000.00.

As shown in the decision in said Application No. 1432, made on June 26, 1915, this sum is sufficient to more than pay to the present owners of this water system their entire investment up to June 30, 1915, together with interest at the rate of 8 per cent per annum, and all

deficits in earnings over maintenance and operating expenses, with interest at the rate of 8 per cent per annum thereon.

The property for which said compensation of \$745,000.00 was fixed includes in addition to property which is now used and useful in the service to the public, other property which is not used and useful and which hence should not be considered in a rate proceeding. Subsequent to June 30, 1915, additions and betterments have been made to the property. During the same period, a considerable amount of property of the Cuyamaca company was destroyed by floods in January, 1916, a portion of which property has not been replaced.

Table I shows additions and betterments and deductions, for the purpose of assisting in the determination of a proper rate base as of June 30, 1916.

TABLE I.

Additions and betterments and deductions—Property of Cuyamaca Water Company—
June 30, 1916.

Just compensation for sale purpose:
June 30, 1915..... \$745,000 00

ADDITIONS.

Additions and betterments—June 30, 1915, to June 30, 1916.
Without overhead \$11,284 00
Overhead, 10 per cent..... 1,128 00
12,412 00
\$757,412 00

DEDUCTIONS.

Property not now used and useful:
Grossmont reservoir \$4,747 00
Grossmont pump plant..... 1,725 00
Grossmont distributing system..... 3,160 00
Miles reservoir No. 1..... 2,687 00
Miles reservoir No. 2..... 715 00
Miles pump plant 1,196 00
Kuhner lands 2,875 00
Grossmont lands 820 00
Miles reservoir No. 1 lands..... 1,104 00
Miles reservoir No. 2 lands..... 210 00
Monte pump plant steam equipment..... 2,295 00
Eight per cent interest for two years on above items..... 3,445 00
Nonoperative reservoir expenditures..... 10,248 81
\$35,227 81

Net flood damage:
Property included in compensation of \$745,000.00, there-
after destroyed by flood and not replaced..... 7,000 00

Excess estimate capital expenditures:
January 1, 1915, to June 30, 1915..... 6,508 00

Total deductions 48,735 81

Net total \$708,676 19

The properties referred to as the Grossmont and Miles properties under the head of "Property not now used and useful" in Table I are actually being used, but only to supply a very few customers. These customers could not possibly pay rates on the entire investment used specially for their service, nor would it be fair to the other customers under this system to pay rates on this excess investment. The rates which we shall herein establish for the other portions of the Cuyamaca company's system will be applied to the consumers served by the Grossmont and Miles properties.

The item of "Excess estimate capital expenditures, January 1, 1915, to June 30, 1915," was included in the total compensation of \$745,000.00 at the total sum of \$33,741.00. The actual expenditure subsequently reported to the Railroad Commission by the Cuyamaca company for this period was the sum of \$31,418.00, consisting of \$29,733.00 alleged to have been expended on used and useful property and \$1,685.00 expended on nonoperative property. The testimony herein shows that the sum of \$29,733.00 improperly includes under the head of capital expenditures an item of \$2,294.00 for interest and casualty insurance and an item of \$2,682.00 for water rights. Subtracting these items from the sum of \$29,733.00 leaves a net addition to capital account for used and useful property during said period amounting to \$24,757.00, to which sum should be added 10 per cent for overhead expenses, making a net addition to capital account during this period for operative property amounting to \$27,233.00. This sum is \$6,508.00 less than the amount which was included in the compensation of \$745,000.00, and said sum of \$6,508.00 must now be deducted from said compensation.

The sum of \$745,000.00 hereinbefore referred to, was found by the Railroad Commission to be the just compensation to be paid for the property of the Cuyamaca company described by the La Mesa district and by the city of San Diego in their respective petitions. The property thus described, included—with the exception of 601 acres of land at Cuyamaca Lake and certain other property—the Cuyamaca company's entire system.

In determining the proper rate base in this proceeding, careful consideration must be given to the fact that, as shown by the testimony herein, the Cuyamaca company's transmission system is largely overbuilt in so far as the present demands upon the system are concerned. The testimony herein shows that the Cuyamaca company's flume line has a present capacity of 32 cubic feet per second, or approximately 21,000,000 gallons per day. The testimony also shows that the highest average daily use on the flume line was in the month of May, 1916, during which month the flow was an average daily flow of 12.58 cubic feet per second, of which amount 6 cubic feet per second represented

water which was being transmitted for sale to the city of San Diego, and 6.58 cubic feet water which was being transmitted for general use.

The excess capacity of the Cuyamaca company's transmission system was commented upon by the Railroad Commission in its said Decision No. 2531, made on June 26, 1915, in said Application No. 1432 (Vol. 7, Opinions and Orders of the Railroad Commission of California, pages 334, 380). In this connection we may say that of said compensation of \$745,000.00, approximately two-thirds may be taken as representing the Cuyamaca company's transmission system as distinguished from its production and distribution systems.

That existing customers of a water utility can not fairly be called upon to pay a return on construction unreasonably in excess of present requirements is clearly established by the authorities. *San Diego Land and Town Company vs. Jasper*, 189 U. S. 438.

Accordingly, it would be proper in this proceeding to make the necessary deduction by reason of excess capacity of the transmission system, from the sum which otherwise would be used as a rate base, with a corresponding reduction in the depreciation annuity, and to establish the rates on such reduced base. However, this procedure has not been followed herein, because of other considerations which we shall hereinafter specify and which have resulted in the establishment of a considerably increased rate base in this proceeding.

From the very beginning the customers under this system have urged that it would not be fair to increase their rates unless they were assured of a greater permanency of water supply. The consumers have drawn attention to the fact that during recent years they have suffered great damage to their crops by reason of the fact that there has been an insufficient supply of water under this system. The deficiency in supply has been caused largely by inadequate storage facilities, aggravated by a recurrence of years of drought. The Railroad Commission has consistently been of the opinion that the consumers were correct in their contention in this respect. Accordingly, in the decision rendered in Application No. 118, authorizing an increase in the rates to be charged by the Cuyamaca company, the Railroad Commission not merely provided that a satisfactory flume should be constructed in lieu of the existing flume, but also provided further that the Cuyamaca company should take immediate steps to increase the available supply of water so that the same should be increased over the existing supply at least 33½ per cent. After referring to the necessity for thus increasing the available supply of water, the Railroad Commission provided that if "these applicants do not within a reasonable time in the opinion of the commission begin the construction of *other facilities than the ones specifically ordered herein*, this matter being held open for decision and for the further submission of evidence, will again be considered

by this commission after due notice to the applicants and the parties hereto as required by law."

While the Cuyamaca company has lined its flume so as to reduce the leakage therein from between 30 to 35 per cent to approximately 3 per cent and has raised the height of the flume, installed additional siphons and done other work to make the existing transmission system more effective, the Cuyamaca company has not increased its storage facilities. The consumers in this proceeding insist that the Cuyamaca company, as a condition precedent to any further increase in rates, should now be compelled to increase its storage facilities by undertaking definite construction work to be now specified by the Railroad Commission.

The representatives of the Cuyamaca company testified herein that they have prepared plans and specifications for increasing the height of the La Mesa dam so as to store water to a depth of 100 to 120 feet. Mr. Ed Fletcher testified that the present capacity of La Mesa reservoir is 451,000,000 gallons; that by increasing the height of La Mesa dam to store 100 feet of water the capacity of La Mesa reservoir will be increased to approximately 4,000,000,000 gallons and that by increasing the height of La Mesa dam to store 120 feet of water, the capacity of La Mesa reservoir will be increased to between 6 and 7,000,000,000 gallons. Mr. Fletcher testified that the suggested improvements at La Mesa reservoir will cost approximately \$150,000.00 if the height of the dam is increased to store 100 feet of water, and between \$225,000.00 and \$250,000.00 if the height of the dam is increased to store 120 feet of water. He further testified that if additional storage facilities are developed anywhere under this system, the first work to be done would be to increase the height of La Mesa dam.

On the testimony in this proceeding it appears that the suggested increase in the height of La Mesa dam is feasible and that the work ought to be done.

In establishing rates, the Railroad Commission generally takes into consideration such additions to capital account as may reasonably be anticipated during the next year.

In the present proceeding, the rate base will be established on the assumption that La Mesa dam will be increased in height to store 100 feet of water. The necessary additional allowances will be made herein under the head of capital account and also under the head of depreciation annuity and maintenance and operating expenses in connection not merely with the construction work on the dam itself but also the distribution system necessary to take care of the increased amount of water which the Cuyamaca company will be able to sell when this construction work has been completed. The rates herein established will thus be based on the assumption that the Cuyamaca company will substantially

increase its storage capacity and thus give its consumers the increased security for which they have been contending.

By reason of the much larger supply of water which will be available to the Cuyamaca company if the capacity of La Mesa reservoir is thus increased, the company will be able to secure a much larger gross revenue from the sale of water than has hitherto been the case. While this fact will result in giving to the consumers under the Cuyamaca company's system a considerably lower rate than would be the case if the rates in this proceeding were based on the present property less excessive installation and on the present limited use, the increase in storage capacity of the La Mesa reservoir is an improvement to which the consumers are justly entitled as well as one which will materially strengthen the position of the Cuyamaca company.

Accordingly, in establishing the rate base herein, an additional allowance of \$150,000.00 will be made on the assumption that the height of La Mesa dam will be increased during the next year so that it will store 100 feet of water.

4. Depreciation Annuity.

The depreciation annuity in this proceeding will be estimated on the sinking fund basis on such depreciable property as is now used and useful in the service of water to the Cuyamaca company's consumers together with said additional investment of \$150,000.00.

On the 5 per cent sinking fund basis, the depreciation annuity would be the sum of \$20,035.00.

On the 6 per cent sinking fund basis, being the rate herein used, the depreciation annuity would be the sum of \$17,999.00.

5. Maintenance and Operating Expenses.

Table II shows, by accounts, the maintenance and operating expenses shown on the books of the Cuyamaca company for the year 1915, the estimate of reasonable maintenance and operating expenses prepared by the Railroad Commission's engineers and the estimate of reasonable maintenance and operating expenses prepared by the Cuyamaca company's engineers.

TABLE II.

Maintenance and Operating Expenses—Cuyamaca Water Company.

Acct. No.	Item	Actual records, 1915	Estimates	
			Railroad Commission's engineers	Cuyamaca company's engineers
E-2, 6, 7, 9, 10, 18	Pumping expense—			
	Pumping cost proper.....	\$1,656 00	\$4,770 00	\$11,666 00
E-8, 17	Purification expense.....	272 00	750 00	750 00
	Distribution expense—			
E-19	Reservoir tenders.....	436 00	1,320 00	1,320 00
E-20	Meter repairs and supply.....	693 00	500 00	700 00
E-23	Repair transmission mains.....	7,737 00	8,320 00	13,525 00
E-24	Repair reservoirs.....	1,702 00	800 00	1,030 00
E-25	Repair distributing mains.....	5,049 00	5,000 00	6,000 00
E-27	Repair services.....	1,409 00	700 00	1,420 00
E-29, 30	Repair buildings and equipment.....	100 00	200 00	
	Commercial expense—			
E-31	Collections—meter reading.....	441 00	500 00	360 00
E-32	Promotion of business.....	38 00		
	General expense—			
E-33	Salaries, general officers.....	10,394 00	6,500 00	12,300 00
E-34	Salaries, general office clerks.....	2,485 00	2,600 00	2,600 00
E-35	Office supplies and expense.....	2,417 00	2,500 00	2,500 00
E-36	Legal expense.....	156 00	1,000 00	1,000 00
E-37	Railroad Commission expense.....	17,813 00	2,000 00	2,500 00
E-42	Insurance—injuries and damages.....	652 00	800 00	2,650 00
E-43	Repair general structures.....	448 00	350 00	450 00
E-44	Upkeep general equipment.....	1,818 00	1,760 00	
	Auto and stable expense.....			1,600 00
	General engineering.....		1,200 00	1,800 00
	Extraordinary.....		2,500 00	1,000 00
	Other general expense.....	1,635 00		
E-50	Taxes.....	2,601 00	2,600 00	2,800 00
		\$59,951 00	\$46,670 00	\$67,971 00
	Less \$2,000 general, as overhead or construction, etc.....	2,000 00	2,000 00	2,000 00
		\$57,951 00	\$44,670 00	\$65,971 00
	Less Railroad Commission expense.....	17,813 00	2,000 00	2,500 00
	Net result.....	\$40,138 00	\$42,670 00	\$63,471 00

The expenditures under the head of "Actual Records" for the year 1915, as shown in Table II, include a number of abnormally high expenditures. Reference in this respect may be made particularly to the items for Railroad Commission expense and salaries of general officers.

The estimate of reasonable maintenance and operating expenses prepared by the Railroad Commission's engineers includes an item of

\$2,500.00 for "extraordinary expense." This item will suffice to amortize, over a period of years, the flood damage caused by the floods of January, 1916.

The estimate of reasonable maintenance and operating expenses prepared by the engineers of the Cuyamaca company include a number of items which are clearly too high, including particularly the estimate for pumping expense and for salaries of general officers. The estimate of \$13,525.00 for repairs to transmission mains includes expenditure which in part should be charged to depreciation annuity.

Taking the estimate of the Railroad Commission's engineers as a basis, and adding thereto an allowance of \$1,330.00 for an additional bookkeeper and \$2,000.00 for the additional maintenance and operating expenses which would be incurred in connection with the impounding, distribution and sale of the additional water which is to be impounded in the La Mesa reservoir, we find a total reasonable maintenance and operating expense of \$48,000.00 per annum, on the assumption that the Cuyamaca company sells the additional water which is to be impounded in the La Mesa reservoir.

6. Capacity of System—Present and Prospective.

In said Decision No. 536, in said Application No. 118, the Railroad Commission found that the safe yield of the system was 256 miner's inches at the intake of the Cuyamaca company's flume.

Subsequent to said Decision No. 536, the Cuyamaca company has lined its flume throughout with roofing material, reducing the leakage as hereinbefore indicated, from between 30 and 35 per cent to approximately 3 per cent in the flume. Additional sideboards have been placed on the flume and a second siphon installed under Sand Creek. A new flume has also been constructed from the main flume up the canyon of the south fork of the San Diego River, tapping that stream.

Mr. C. H. Lee, a hydraulic engineer appearing in behalf of the Cuyamaca company, testified as the result of an exhaustive study, that with its present storage and carrying capacity, the Cuyamaca company's system may be depended upon to deliver 320 nine-months miner's inches. In addition, Mr. Lee estimated that an average of 356 nine-months miner's inches, being equivalent to 169,000,000 cubic feet or 1,260,000,000 gallons, is available for delivery during the flood season. By increasing the height of La Mesa dam, additional flood waters can be stored and thereafter sold for domestic and irrigation service.

In the order in said Decision No. 536, in said Application No. 118, it was provided, in part, "that no additional consumers be added to this system except domestic consumers under the terms hereinbefore in this opinion and order set out." This order was based on the net safe

yield of the Cuyamaca company system in March, 1913. The improvements which have subsequently been made by the Cuyamaca company now make it possible to authorize the Cuyamaca company to sell additional water for irrigation purposes. The testimony herein shows that consumers of the Cuyamaca company in Lemon Grove and elsewhere desire to secure additional water for their existing orchards and that other persons desire to bring new lands under cultivation if they can secure water from the Cuyamaca company.

Mr. Ed Fletcher, one of the owners of the Cuyamaca company, testified that, in his opinion, it will now be possible for the Cuyamaca company, without increasing the height of La Mesa dam, to sell in the ordinary course of business between 25 and 50 additional miner's inches of water for irrigation. We are satisfied, from the testimony herein, that the Cuyamaca company may now take on additional irrigation service to the extent of approximately 40 miner's inches. This water, if applied to land now unirrigated, on the basis of the application of one foot depth of water, would irrigate approximately 450 additional acres planted to such crops as prevail in this territory.

From the evidence in the record herein, it would appear that when the height of La Mesa dam has been increased so as to store 100 feet of water, an additional amount of water amounting to 2,090 acre feet or 91,440,400 cubic feet will be available for annual delivery to consumers in excess of the use in 1915 by consumers other than the city of San Diego.

7. Rates Herein Established.

This subject will be considered under the following subheads:

- (a) Gross revenue required.
- (b) Use by city of San Diego.
- (c) Group consumers.
- (d) Form of rate.
- (e) Just and reasonable rates.

(a) Gross Revenue Required.

Table III shows the gross revenue which would be required by the Cuyamaca company on the assumption that the height of the La Mesa dam will be increased to store 100 feet of water.

TABLE III.

Gross Revenue Required by Cuyamaca Water Company on Assumption of Increase in Height of La Mesa Dam to Store 100 Feet of Water.	
Interest—8 per cent on \$858,676.00	\$68,694 08
Depreciation annuity	17,999 00
Maintenance and operating expenses	48,000 00
Total	\$134,693 08

Table IV shows the gross revenue derived by the Cuyamaca Water Company during the years 1914 and 1915 and the first six months of 1916:

TABLE IV.

Gross revenue—Cuyamaca Water Company—1914, 1915 and First Six Months of 1916.	
1914.	
Commercial earnings (metered)	\$20,178 17
Earnings from irrigation	15,475 08
Sales to city of San Diego	16,046 24
Miscellaneous earnings	599 70
Total revenue	\$52,299 19
1915.	
Commercial earnings (metered)	\$20,323 09
Earnings from irrigation	25,178 78
Sales to city of San Diego	34,884 64
Miscellaneous earnings	1,369 47
Total revenue	\$81,755 98
First six months—1916.	
Commercial earnings (metered)	\$10,154 44
Earnings from irrigation	12,739 52
Sales to city of San Diego	51,054 14
Miscellaneous earnings	381 46
Total revenue	\$74,329 56

The amount of water available for sale by the Cuyamaca company during 1914, 1915 and 1916 and the revenue possible to be derived therefrom were, of course, far less than will be the case when the height of La Mesa dam has been increased and the storage capacity of La Mesa reservoir augmented.

(b) Use by City of San Diego.

The water sold by the Cuyamaca company to the city of San Diego in 1914, 1915 and the first six months of 1916, was as follows:

1914	22,808,000 cubic feet
1915	50,077,000 cubic feet
1916, first 6 months	68,245,000 cubic feet

As appears from Table IV, the revenue derived by the Cuyamaca company from the sale of water to the city of San Diego, was as follows:

1914	\$16,046 24
1915	34,884 64
1916, first 6 months	51,054 14

As is to be expected, the testimony in this proceeding does not show definitely how much water the city of San Diego will hereafter purchase from the Cuyamaca company. That a considerable amount of water will

be thus bought, at least for a number of years, seems probable. The water heretofore sold to the city by the Cuyamaca company has been surplus water. We are of the opinion that the price to be paid for such water, if the city of San Diego hereafter continues to purchase the same, should be left, in the first instance, to negotiations between the parties, who may file with the commission such rate as they may agree upon. It may be said in this connection that it is almost impossible to establish with exact scientific accuracy the rate to be paid for a surplus product such as the surplus water of the San Diego River.

Certain evidence was presented herein by the Cuyamaca company with reference to the cost to the city of San Diego of delivering water from its system at the gates of the city. The evidence thus presented is thoroughly inaccurate, unsatisfactory and misleading and does not warrant detailed consideration herein.

(c) Group Consumers.

A considerable portion of its water is sold by Cuyamaca company to various groups of consumers under arrangements differing widely in character. In Exhibit No. 71 of Cuyamaca company, these group consumers are listed as follows:

- | | |
|-----------------------------------|------------------------|
| Granada Tract. | Orchard Tract. |
| Fairmont Water Company. | Outlook Terrace Tract. |
| Hilton Pipe Line. | Petaluma Tract. |
| Chollas Mutual Water Company. | Waverly Tract. |
| DeWitt Tract. | Wheeler Tract. |
| Fruitvale Tract. | Wentworth Flume. |
| Helix Mutual Water Company. | Hoover Pipe Line. |
| Johnson Pipe Line. | Lakeside Flume. |
| La Mesa Mutual Water Company. | Hawley Pipe Line. |
| Lemon Grove Mutual Water Company. | Hillsdale Flume. |
| Magruder Tract. | Cresson Flume. |
| Marlett Tract. | City of El Cajon. |
| | Orchard Villa Tract. |

Table V contains data with reference to group consumers of the Cuyamaca company for the year 1915, as reported in Exhibit No. 71 of the Cuyamaca Water Company.

TABLE V.
Group Consumers—Cuyamaca Water Company—1915.

Tract or association	No. of irrigation consumers	No. of domestic consumers	Irrigation use in 1,000 gallons	Cost per 1,000 gallons	Domestic use in 1,000 gallons	Cost per 1,000 gallons	Total use in 1,000 gallons	Cost per 1,000 gallons	Cost to reproduce pipe system
Granada Tract	26	6	3,452.5	\$0.028	372.9	\$0.150	3,825.4	\$0.040	\$850 00
Fairmont Water Company	11	325	11,767.4	.029	23,631.0	.141	23,631.0	.141	19,523 00
Hilton Pipe Line	20	7	8,099.9	.036	693.7	.140	11,767.4	.029	2,150 00
Chollas Mutual Water Company	2		622.2	.120			8,793.6	.045	2,800 00
DeWitt Tract	6	1	1,801.8	.033	69.2	.176	622.2	.120	100 00
Fruitvale Tract	17	3	109,229.5	.018	1,583.5	.173	1,871.0	.039	380 00
Helix Mutual Water Company	3		5,922.6	.048			110,813.0	.020	8,500 00
Johnson Pipe Line	3		2,961.1	.036	20,598.5	.150	5,922.6	.048	1,320 00
La Mesa Mutual Water Company	88	85	161,690.2	.021	4,770.3	.202	23,559.6	.136	10,000 00
Lemon Grove Mutual Water Company	4	2	803.3	.037	103.4	.174	166,460.5	.027	24,408 00
Magruder Tract	7	11	1,769.2	.043	406.6	.185	906.7	.053	500 00
Marlett Tract	4	15	1,744.2	.021	512.6	.224	2,175.8	.069	850 00
Orchard Tract	4	18	817.6	.044	1,440.2	.150	2,256.8	.067	825 00
Outlook Terrace Tract	2	6	367.1	.020	330.4	.162	2,257.8	.112	1,200 00
Petaluma Tract	3	3	*	*	*	*	706.5	.068	300 00
Waverly Tract	1	7	*	*	*	*	999.1	.045	220 00
Wheeler Tract	2		0.0		0.0		828.4	.075	275 00
Wentworth Flume	9		29,029.8	.019			29,029.8	.019	150 00
Hoover Pipe Line	7		62,800.7	.021			62,800.7	.021	2,000 00
Lakeside Flume	30		164,087.1	.018			164,087.1	.018	4,500 00
Hawley Pipe Line	6		32,979.9	.019			32,979.9	.019	5,076 00
Hillsdale Flume	8		38,031.5	.018			38,031.5	.018	3,000 00
Cresson Flume									2,700 00
Totals	262	572	638,667.6	\$0.020	54,521.3	\$0.152	695,016.4	\$0.031	\$91,627 00

*Segregation between domestic and irrigation use in 1915 was not correct. Totals only can be depended upon.

Service to these various group consumers is rendered under many different conditions and divers rules and regulations. In some instances, the water is delivered and sold at the Cuyamaca company's flume or pipe line according to the quantity there indicated by meter or otherwise. In other instances, the water is sold according to measurements shown by meter at the premises of the consumer. In some cases the Cuyamaca company maintains the distributing system from its flume or pipe line to the premises of the consumer, while in other cases such distributing systems are maintained by the consumers either through mutual organization or otherwise. In some instances, the Cuyamaca company reads the meters on the premises of the consumers, while in other instances the company is not permitted to do so and the meter is read by some agent of the consumers, selected by them. In some instances, the consumers are dealt with individually and in other instances, through an agent. In some instances, water used by these groups of consumers primarily for domestic purposes is sold at irrigation rates and in other instances water used by them primarily for irrigation purposes is sold at domestic rates.

The testimony also shows that in quite a number of instances, resulting from the attachment of a water right for a small amount of water to land which was thereafter subdivided and sold, each parcel sold securing its proportion of the original water right, quite a number of consumers of the Cuyamaca company are receiving their water at indefensibly low rates. Exhibit No. 76 of the Cuyamaca company shows the cases in which so-called irrigation consumers are securing their water for 75 cents or less per month. These consumers use water for household purposes and for irrigation of gardens. In a number of these instances the rates paid run as low as 25, 30 and 40 cents per month. Exhibit No. 76 shows that 64 so-called irrigation consumers of the Cuyamaca company received their water for 75 cents per month or less.

All in all, the relationship between the Cuyamaca company and its various group consumers presents the most complicated and one of the most unsatisfactory conditions which has come to our attention in connection with the administration of any water system in this state.

It is essential that order should be brought out of this chaos and that, in so far as possible, uniform and nondiscriminatory rates, rules and regulations should be enforced.

In our opinion, the difficulties in connection with the present group consumers should be solved by providing that the relationship between the Cuyamaca company and the consumers should, in each instance, be one of the other of the following two relationships:

1. In the first group of cases, the group consumers would pay for the water received by them, at the block rate herein established, the water to be measured at the Cuyamaca company's transmission line, the group consumers to distribute the water among themselves and to maintain and repair their distributing system.

2. In the second group of cases, the Cuyamaca company would deal directly with each member of the group, delivering the water at his premises and collecting directly from him, in accordance with the amount of water sold to him, at the block rates herein established. In this group of cases, the Cuyamaca company would itself maintain and repair the distributing system. In cases of this class in which the Cuyamaca company does not now own the distributing system, the Cuyamaca company would either acquire the present distributing system or construct its own distributing system to reach the existing consumers.

In cases of the second group, in which the Cuyamaca company deals directly with each consumer, there would be little or no difficulty in applying the block rate herein established. If the consumer is a large user and is engaged in commercial irrigation, he will, of course, receive the irrigation rate for water sold in excess of 2,000 cubic feet per month.

If a particular group prefers to remain in the first group hereinbefore referred to, paying for its water through its agent, by measurement at the Cuyamaca company's transmission system, the amount to be paid by the group monthly to the Cuyamaca company will likewise be easy of determination except in those cases in which the monthly use exceeds 2,000 cubic feet and in which there is some question as to whether the use is or is not primarily an irrigation use. The matter becomes important by reason of the fact that the rate herein established is of a two-fold character in so far as use in excess of 2,000 cubic feet per month is concerned, one rate being applicable to general use and the other to irrigation use.

In order to remove possible causes for friction, we would say, that as now advised, and until the further order of the Railroad Commission, the group users hereinbefore specified, if they prefer to remain in the first group, and to deal with the Cuyamaca company through an agent, will be regarded as entitled to the irrigation rate for water used in excess of 2,000 cubic feet per month, with the exception of the following groups, whose use is entirely or almost entirely of a domestic character:

- | | |
|-------------------------------|----------------------|
| Fairmont Water Company. | Petaluma Tract. ✓ |
| La Mesa Mutual Water Company. | Waverly Tract. |
| Granada Tract. | Wheeler Tract. |
| Marlett Tract. | City of El Cajon. |
| Outlook Terrace Tract. ✓ | Orchard Villa Tract. |

The testimony shows that a number of members of the groups just stated are using their water clearly for irrigation purposes. We refer particularly to the testimony showing that three consumers who secure their water from La Mesa Mutual Water Company and at least one who secures it from Outlook Terrace Tract, are commercial irrigation consumers. In cases of this kind, if the group deals with the Cuyamaca company in accordance with the first group of cases, it may be necessary to make some special arrangement, possibly consisting in the direct connection between the property of these consumers and the Cuyamaca company's system.

(d) *Form of Rate.*

As hereinbefore indicated, considerable difficulty has arisen in the application of the Cuyamaca company's present rates by reason of the attempt to make a distinction between water used by small consumers for so-called "domestic" service and so-called "irrigation" service. The difficulties and discriminations which have resulted from this attempt must be herein removed.

After giving careful consideration to the matter, we have reached the conclusion that the just, reasonable and effective way to handle this problem would be to establish a block rate, applicable alike to all consumers under the same conditions. This block rate will provide a uniform rate for general use, with a separate rate for irrigation use in excess of 2,000 cubic feet per month.

Minimum monthly payments will also be provided for and rates will be established for public use.

(e) *Just and Reasonable Rates.*

Table VI shows water delivered by the Cuyamaca company in 1915 segregated into classes of service and blocks of use.

TABLE VI.

Water Delivery—Cuyamaca Water Company—Segregated Into Classes of Service and Blocks of Use by 100-Foot Units—1915.

	Con- sumer months	Used between indicated limits						Total
		0-4	4-10	10-50	50-1,000	1000- 5,000	Above 5,000	
<i>Domestic and general—</i>								
Company direct service.....	7,503	21,612	11,852	6,242	3,270			42,976
System groups	08	292	558	3,008	22,267	4,215		31,040
Fairmont Water Co.	12	48	72	480	10,305	20,532		31,437
La Mesa Mutual Water Co..	12	48	72	480	9,358	21,534		31,492
El Cajon	5	20	30	200	822			1,072
San Diego	6	24	36	240	5,700	24,000	470,767	500,767
Totals	7,636	22,144	12,030	11,250	51,722	70,301	470,767	638,804
<i>10-20 above 20</i>								
<i>Domestic and irrigation—</i>								
Company direct service.....	1,722	5,702	7,791	13,430	485,130			512,053
System groups	158	631	918	1,410	832,017			834,976
Totals	1,880	6,333	8,709	14,840	1,317,147			1,347,029
Grand totals	9,615	28,477	21,329	26,090		1,009,937		1,985,833

After careful consideration of the entire evidence herein and of all the elements which may and should be considered in determining a rate, we find as a fact that the rates shown in Table VII, which rates will be set forth in the order herein, are just and reasonable rates to be charged by the Cuyamaca company for water sold to its customers:

TABLE VII.

Rates to Be Charged by Cuyamaca Water Company for Water Sold to Its Customers.

Minimum payments for each service connection in use:

Inside diameter, ¾-inch and less.....	\$1.00 per month
Inside diameter, 1-inch.....	1.25 per month
Inside diameter, 1½-inch.....	1.75 per month
Inside diameter, 2-inch.....	3.25 per month
Inside diameter, 3-inch and larger.....	4.00 per month

General use:

Between 0 and 1,000 cubic feet.....	\$.25 per 100 cu. ft. per mo.
Between 1,000 and 5,000 cubic feet.....	.15 per 100 cu. ft. per mo.
Between 5,000 and 100,00 cubic feet.....	.12 per 100 cu. ft. per mo.
Above 100,000 cubic feet.....	.08 per 100 cu. ft. per mo.

Irrigation use:

Above 2,000 cubic feet.....	.02½ per 100 cu. ft. per mo.
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Public use:

Fire service, per hydrant per month.....	2.00
Street sprinkling and sewer flushing.....	.12 per 100 cu. ft. per mo.

Other public use through separate services at general rates, one minimum for each service.

Table VIII shows the results of the application of the rates herein established upon water sold in the year 1915, except for public use, and with the application of only the lowest minimum meter charge.

TABLE VIII.

Application of Rates Herein Established to Water Sold by Cuyamaca Water Company in 1915.

	Consumer months	Water used	Rate	Income
General use—				
Minimum	9,510		Minimum, \$1.00	\$9,510 00
0- 4 C. cu. ft.		28,453	Under minimum	
4- 10 C. cu. ft.		21,293	25¢ per C. cu. ft.	5,323 00
10- 50 C. cu. ft.		25,850	15¢ per C. cu. ft.	3,877 00
50-1,000 C. cu. ft.		46,022	12¢ per C. cu. ft.	5,523 00
1,000-5,000 C. cu. ft.		46,301	8¢ per C. cu. ft.	3,704 00
Irrigation use—				\$27,937 00
Above 20 C. cu. ft.		1,317,147	2½¢ per C. cu. ft.	32,929 00
San Diego use—				\$60,866 00
Below 5,000	6	30,000	\$42 50 per month	\$2,655 00
Above 5,000		470,767	08 C. cu. ft.	38,661 00
				\$41,316 00
Total, as of 1915				\$102,182 00

The total gross revenue of \$102,182.00 resulting from the application of the rates herein established to the actual business of 1915, makes no allowance for the increase in revenue which will result to the Cuyamaca company by direct service to consumers on the group distribution mains. The application of the proposed schedule of rates to all the group systems with the exception of those of the La Mesa Mutual Water Company, Chollas Mutual Water Company, Helix Mutual Water Company and Lemon Grove Mutual Water Company, under conditions of direct service to each individual consumer, would result in additional returns of approximately \$4,400.00 annually.

We have already drawn attention to the fact that when the La Mesa dam has been increased so as to store 100 feet of water, an additional amount of water amounting to 2,090 acre-feet, or 91,440,400 cubic feet, will be available for annual delivery to consumers in excess of the use in 1915 by consumers other than the city of San Diego.

Assuming that the additional supply available from the increase in capacity of La Mesa reservoir will be used for irrigation on 10 acre tracts and that a year's use of water on each such tract will be sufficient to cover land one foot deep, a use of 435,600 cubic feet, there will be derived from such additional water supply, under the rates herein

established, an additional gross income of \$36,554.00. If this water had been available and sold in 1915, the total gross revenue from one year's business, based on the rates herein established, would have been \$138,736.00.

The rates herein established we find to be just and reasonable rates to be charged by the Cuyamaca company to its various consumers, irrespective of the amount of water hereafter sold by the Cuyamaca company to the city of San Diego.

For many years, the Cuyamaca company's main source of revenue was the sale of water in the city of San Diego. Until the city of San Diego purchased the local water distributing system and turned from the Cuyamaca company to the so-called Spreckels system for its water, the Cuyamaca company derived the larger part of its revenue from the sale of water in San Diego. Without the city of San Diego as a prospective customer, the construction of this system would not have been justified and probably would not have been undertaken. The loss by the Cuyamaca company of this customer at the time the city of San Diego began to take water from the Spreckels system was not the fault of the other consumers of the Cuyamaca company, nor can the possible failure of the Cuyamaca company hereafter to sell large quantities of water to the city of San Diego be a justification for charging to the company's other customers rates in excess of the just and reasonable rates herein established.

As hereinbefore appears, if the rates herein established had been in effect in 1915, the revenue derived by the Cuyamaca company from the sale of water to the city of San Diego would have been \$41,316.00. From the testimony herein, it is reasonable to anticipate an average revenue in approximately this amount from the sale of water to the city of San Diego over a number of years to come. We want to make it perfectly clear, however, that if the city of San Diego does not purchase water from the Cuyamaca company to that extent, such failure will not be a sufficient reason for increasing the rates of the other customers of the Cuyamaca company, as herein established. In that event, the loss must be borne by the Cuyamaca company just as would be the case if any other business constructed primarily to serve a single large customer should thereafter lose that customer. In such a contingency, it would be incumbent on the Cuyamaca company to find other customers for its surplus water.

B. Rules and Regulations.

The Cuyamaca company will be required to modify its rules and regulations to meet the changed conditions resulting from the application of the rates herein prescribed.

One of the most important provisions which should be inserted in such revised rules and regulations will refer to the sale of the additional water herein referred to. The rules or regulations should provide, in this regard, that first choice should be given, during a reasonable period of time, to existing consumers of the Cuyamaca company for use on lands now under irrigation. After the reasonable requirements of these consumers have been met, water should be sold to other parties, under some equitable rule with reference to priority of application, and in such amounts only as are actually needed at the time. The privilege of acquiring additional water from the Cuyamaca company will not be permitted to be used as the basis for speculation in the sale of lands not now entitled to water.

We submit the following form of order:

ORDER.

James A. Murray and Ed Fletcher having filed their petition in the above entitled proceeding, as set forth in the opinion which precedes this order, and a public hearing having been held thereon and this proceeding having been submitted and being now ready for decision,

The Railroad Commission hereby finds as a fact that the rates charged for water by said James A. Murray and Ed Fletcher, doing business under the firm name and style of Cuyamaca Water Company, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates.

Basing its order on the foregoing findings of fact and on the findings of fact which are contained in the opinion which precedes this order,

It is hereby ordered as follows:

1. James A. Murray and Ed Fletcher, doing business under the firm name and style of Cuyamaca Water Company, are hereby authorized to charge and collect the following rates for water, said rates to be effective on and after March 1, 1917:

Minimum payments for each service connection in use.

Inside diameter, ¾-inch and less	.....	\$1.00 per month
Inside diameter, 1-inch	.....	1.25 per month
Inside diameter, 1¼-inch	.....	1.75 per month
Inside diameter, 2-inch	.....	3.25 per month
Inside diameter, 3-inch and larger	.....	4.00 per month

General use.

Between 0 and 1,000 cubic feet	.....	\$ .25 per 100 cu. ft. per mo.
Between 1,000 and 5,000 cubic feet	.....	.15 per 100 cu. ft. per mo.
Between 5,000 and 100,000 cubic feet	.....	.12 per 100 cu. ft. per mo.
Above 100,000 cubic feet08 per 100 cu. ft. per mo.

Irrigation use.

Above 2,000 cubic feet02½ per 100 cu. ft. per mo.
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Public use.

Fire service, per hydrant per month	\$2.00
Street sprinkling and sewer flushing12 per 100 cu. ft. per mo.
Other public use through separate services at general rates, one minimum for each service.		

2. On or before February 15, 1917, said Cuyamaca Water Company shall file with the Railroad Commission revised rules and regulations in accordance with the opinion which precedes this order.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 25th day of January, 1917.

thereto, are unjust and unreasonable; that the just and reasonable rates are those shown in Exhibit "A" attached to and made a part of the application and as amended.

ORDER.

This application having been duly heard and submitted, full investigation of the matters and things involved having been had and basing this order on the findings of fact and the conclusions contained in the opinion which precedes this order and which said opinion is hereby referred to and made a part hereof;

It is hereby ordered, that the applicants, Tidewater Southern Railway Company and Central California Traction Company, be and they are hereby authorized to publish and file in a tariff designated as Tidewater Southern Railway Company's Joint Freight Tariff G. F. D. No. 100, the rates, rules and regulations shown in Exhibit "A" attached to the application and as subsequently amended.

Dated at San Francisco, California, this twenty-first day of December, 1926.

DECISION No. 17793.

MILTON A. SMITH REALTY COMPANY, INCORPORATED, A CORPORATION.

vs.

SAN DIEGUITO WATER COMPANY, A CORPORATION,

Case No. 2059.

Decided December 21, 1926.

COMMISSION'S JURISDICTION—WATER UTILITY—IRRIGATION SERVICE—DEDICATION.—Finding that defendant is a public utility water company subject to the jurisdiction of the Railroad Commission, it is also found that defendant has not dedicated its property to service of the land involved in the complaint.

Clay Carpenter, for Complainants.

O'Melveny, Millikin, Tuller and Macneil, by William W. Clary and Henry J. Stevens, for Defendant.

Wright and McKee, by Leroy A. Wright, for Santa Fe Irrigation District, Intervener.

T. J. Reynolds, for Del Mar Water, Light and Power Company, Intervener.

S. J. Higgins, City Attorney, and F. M. Downer, Deputy City Attorney, for City of San Diego.

W. A. Sloane, for San Dieguito Irrigation District.

By THE COMMISSION.

OPINION.

The complaint herein alleges that complainant is the owner of 850 acres of irrigable agricultural land in San Diego County, which land is alleged to be under the irrigation water system installed and maintained by defendant, whose conduit runs through complainant's land. The pleadings include an answer to the original complaint, an amended complaint, a document containing objections to said amended com-

plaint, an amended answer, and certain pleadings in intervention on the part of the Del Mar Water, Light and Power Company and the Santa Fe Irrigation District. Without outlining *in extenso* the allegations, denials and contentions contained in these numerous pleadings, suffice it to say that the issues raised are as follows:

1. Is the defendant—a corporation organized under the laws of the state of Nevada—a public utility corporation in the sense that its waters, or any of them, have been dedicated to public use?

2. If there has been such a dedication, do the lands of this complainant fall within the area as to which service may reasonably and lawfully be required?

3. If there has been such a dedication and the lands of complainant fall within the "area of dedication," has the defendant such a supply of water, or could it reasonably develop such a supply as to allow for service upon complainant's lands?

Public hearings in this matter were held before Commissioners Squires and Seavey and Examiner Satterwhite in San Diego and Los Angeles. Later, hearings were held before Commissioners Decoto, Seavey and Whitsell in San Diego, and a final hearing, for the purpose of listening to argument, was held before the Commission *en banc* at San Francisco. A very large body of testimony was produced at these several hearings by all parties to this proceeding, and numerous exhibits were filed covering every possible phase of the history of this company which might possibly concern the question of any duty on its part to serve the public as a public utility water company. It was the position of the company throughout these proceedings that it has never dedicated or devoted its properties, or any of them, to public use; that in any event the lands of this complainant can not reasonably be considered to be within any presumed area of dedication, and that the water supply now owned or available to defendant through reasonable development or operation is insufficient to allow for service to complainant's lands.

History of San Dieguito Water Project.

In view of the importance of the matters herein under consideration, we deem it proper to trace in some detail the history of this defendant and its predecessors, before announcing our conclusions upon the issues above enumerated.

It appears from the testimony before us that bordering on the lower portion of the San Dieguito River and about ten miles from the coast in San Diego County there lies a tract of approximately 9000 acres, originally known as the San Dieguito Rancho and Grant. Prior to the year 1907 title to this rancho became vested in the Santa Fe Land Improvement Company, a corporation, subsidiary to The Atchison, Topeka and Santa Fe Railway Company, the tract being thereafter

variously known as the "San Dieguito Ranch," and at the present time the "Rancho Santa Fe." On June 13, 1907, the Santa Fe Land Improvement Company posted a notice of appropriation covering 1200 miner's inches, measured under a 4-inch pressure, of the waters of the Bernardo and San Dieguito rivers, the purpose being for irrigation, domestic and live stock uses upon the San Dieguito Rancho.

Between the said rancho and the ocean lies another tract of land, approximating 1500 acres, adjacent to, but not bordering upon, the San Dieguito River, which was controlled by a syndicate, composed of Wm. G. Henshaw, Payne Whitney and Harry Payne Whitney, each holding equal shares. This tract was known as the Henshaw-Whitney Syndicate Lands, and for some years was in charge of one Ed Fletcher at San Diego, as agent for the owners, in leasing and developing this land.

On February 21, 1914, one H. Taylor, son-in-law of said Fletcher, posted a notice of appropriation, claiming 10,000 inches measured under a 4-inch pressure, in the channel of the San Dieguito River, to be used upon the "Bernardo Rancho," San Dieguito Rancho, Agua Hedionda Rancho and Los Penasquitos Rancho, on lands included in the Linda Vista Irrigation District; on lands in the city of San Diego, and on lands in fractional townships described as follows:

Township 12 south, range 4 west; township 13 south, range 4 west; township 14 south, range 3 west; and township 14 south, range 2 west, San Bernardino Meridian.

The rights covered by this appropriation were assigned to Fletcher on February 25, 1914.

It appears that both the Syndicate and the Land Company were desirous of developing water for their lands, but that the Land Company deemed that its water was insufficient and that the Syndicate did not desire to expend sufficient capital to develop the water properly. An agreement was accordingly entered into between these parties looking toward the construction of certain dams, reservoirs, pumping plants and distributing systems—

For the purpose of securing such supply of water, of constructing the aforesaid works and thereafter distributing the water to the land above mentioned, the parties hereto have caused the incorporation and organization of a corporation under the laws of the State of California, known as the San Dieguito Mutual Water Company (hereinafter called the "Water Company"), and have agreed to convey to said Water Company, water, water rights, dams and reservoir sites and all necessary rights of way for the development, collection, storage and distribution of water for the irrigation of the lands above mentioned, so far as such rights of way lie upon the lands of either of the parties hereto; and conditioned upon the execution of and full compliance with this agreement by the second party, the Land Company has made an agreement with the Water Company, of even date herewith, whereby the Water Company is enabled to construct the aforesaid work. (Italics ours.)

In this agreement it was provided that all waters, water rights, dams and reservoir sites of both parties should be transferred to said San Dieguito Mutual Water Company, when organized, and that the Land Company would advance the necessary moneys up to \$750,000 to construct the necessary works, the Land Company to hold the whole of the capital stock of the Water Company except the five qualifying shares. After reimbursement of the Land Company and with the exception of the said qualifying shares, it was provided that 35 per cent of the stock should be owned and held by the Syndicate, and 65 per cent by the Santa Fe Land Improvement Company.

The San Dieguito Mutual Water Company was thereupon incorporated for three million dollars, divided into twenty thousand shares of \$150 par value. The incorporators and original directors, each taking one share of the stock, were E. O. Faulkner, W. E. Hodges, S. C. Payson, Wm. G. Henshaw and Ed Fletcher, the first three representing the Land Company, and the latter two representing Henshaw and his associates. The Land Company then entered into an agreement with the Mutual Water Company to advance moneys necessary to accomplish the construction of the contemplated works, the Water Company agreeing to sell all of its capital stock, except its five directors' shares, to the Land Company for such advanced moneys. Ed Fletcher then assigned to the Water Company his right, title and interest in the Taylor water appropriation.

The San Dieguito Mutual Water Company thus came into possession of all the water, water rights, dam and reservoir sites of both the Land Company and the Henshaw Syndicate on the San Dieguito River. Construction of the main impounding reservoir (Lake Hodges) was commenced in the spring of 1917, about five miles northeasterly from the complainant's lands. It was completed in January, 1919.

The uncontradicted evidence before us shows that under the agreements above mentioned the desire and purpose of the parties constructing this reservoir was to bring sufficient water to their respective lands—to develop them without any dedication of said water to public use. This was to be accomplished through the Mutual Water Company, shares of stock in which were to be sold to purchasers of land from these two parties.

There was already in existence in this general vicinity a small irrigation district composed of about 600 acres of land along the ocean front west of the San Dieguito Ranch and north of the Syndicate lands known as the Cardiff Irrigation District. For the purpose of enlarging this district a plan was evolved to take over the whole Henshaw Land Company project, and in order to raise sufficient funds for this purpose, proceedings were begun to enlarge the irrigation district's bounds to include both the San Dieguito Ranch and the Syndicate

Lands. As this plan would also accomplish the end sought by the original projectors, they assented to the proposal, and for some time made no effort to sell any shares of stock of the Mutual Water Company. Litigation held up the enlargement of the district's boundaries, however, and all plans were held in abeyance for some time. In February, 1924, however, the District Court of Appeal declared the enlargement proceedings invalid. (*People vs. Cardiff Irrigation District*, 51 Cal. App. 307.)

It also appears from the decision of the California Supreme Court in the case of *Del Mar Water, Light and Power Co. vs. Eshleman*, 167 Cal. 663, that in 1908 the South Coast Land Company, a corporation owning a townsite known as Del Mar, and certain other neighboring real estate, had contracted with the Santa Fe Land Improvement Company to lease from the latter certain water-bearing lands on the San Dieguito Ranch for the production of a maximum of fifty miner's inches per day for the lessee, or 50,000 gallons per day for use on the San Dieguito Ranch. Certain waters were also to be delivered by the lessee to The Atchison, Topeka and Santa Fe Railway Company at Del Mar. The Del Mar Water, Light and Power Company was formed as a subsidiary of this lessee to supply water, light and power to purchasers of land from the South Coast Land Company. The lease was then assigned to the new corporation. Wells were sunk and a distributing system was constructed, leading from the leased lands which were riparian to the San Dieguito River and below the site of the then non-existent Lake Hodges in 1917. In order to cover this particular water development an agreement was entered into whereby the South Coast Land Company consented to the construction and maintenance of a dam and the perpetual collection, impounding and diversion of all water of the river in the resulting reservoir, it being provided that the contemplated Mutual Water Company would execute a contract granting the South Coast Company a 5-year option to purchase a sufficient number of shares of stock to entitle it to 50 miner's inches of such impounded water.

The Cardiff Irrigation plan having failed, a new contract was entered into between the Del Mar Water, Light and Power Company and the Santa Fe Land Improvement Company, reciting that the water company "as a private corporation and not as a public utility," supplies water in the town of Del Mar, and that the Land Company "is not engaged in, and does not intend to engage in, the distribution or delivery of water to the public, or any portion thereof, or to any municipality, district, region, or neighborhood; and has not, and does not intend to, set aside, appropriate or dedicate any water to which it is entitled or has the right or owns for sale, rental or distribution to the public"; but that it has the right to receive a certain quantity of

water from the Mutual Company's system in excess of its own needs and solely to enable the Water Company to continue supplying its consumers during temporary repairs of its lands, the Land Company would permit it to use this surplus on stated terms. Pipe lines were to be built to carry such water and 10 cents per 1000 gallons was to be paid to the Land Company. It was provided that this was strictly a temporary arrangement which either party might terminate by giving stated notice.

The testimony before us indicates, and the contract itself shows, that this agreement was intended by the parties to take care of a temporary situation at Del Mar, and it was in no sense the intent of any of the parties to take the place of the contract of the Del Mar Company with Henshaw to obtain 50 inches of water for the purchase of the Mutual Water Company's stock.

Lake Hodges dam being completed and water having accumulated behind it since the Cardiff Irrigation District proceedings were pending in the court, the Mutual Water Company found itself with a large supply of water to dispose of but with no inclination to sell stock. The policy was then adopted of putting the water to use on the San Dieguito Rancho and upon the Syndicate Lands, the tenants of the latter being allowed to purchase water through the Land Improvement Company in its own name.

In the year 1920 the city of San Diego was confronted with a water shortage, and it executed a contract with Henshaw and Fletcher, above mentioned, whereby the latter obligated themselves to construct certain pipe lines and to deliver to the city, for the period of ten years, three million gallons of water daily at the rate of 10 cents per 1000 gallons. Henshaw and Fletcher then contracted to purchase from the Santa Fe Land Improvement Company the same amount of water for the same term at the rate of 8 cents per 1000 gallons. These contracts contained express provisions that the waters were not, and are not, intended to be dedicated to any public use, but that the agreements were meant solely for the purpose of relieving a temporary shortage in San Diego. These contracts have been assigned to the present defendant, and water is still being supplied to the city of San Diego under them.

After the Cardiff Irrigation District had been declared void a new plan had to be evolved for the disposition of the waters of Lake Hodges. The plan of selling stock in the Mutual Water Company had been abandoned because it was found that the price per share necessary to be charged in order to get back the investment rendered the plan impracticable, and therefore it was determined by the various parties in interest to organize separate irrigation districts to purchase and distribute the water.

In consummation of this final plan the San Dieguito Irrigation District, comprising the lands then in the former Cardiff Irrigation District, together with some contiguous land, was organized in 1922, and the Santa Fe Land Improvement Company agreed, in March, 1923, to sell to said newly organized district until September 30, 1950, an amount of water not in excess of 3200 acre-feet, delivered at the distributing reservoir on the San Dieguito Ranch. In February, 1923, the Santa Fe Irrigation District, comprising approximately three-fourths of the San Dieguito Ranch and all of the Henshaw-Whitney Syndicate Lands, together with certain smaller adjacent tracts, was organized, and an agreement was entered into with the Santa Fe Land Improvement Company for the sale and purchase, until July 1, 1952, of an amount of water not in excess of 6576 acre-feet delivered at certain stipulated points. These two agreements respectively disclaim all intention of dedication of these waters, or any of them, to public use or sale, and they have since been assigned by the Santa Fe Land Improvement Company to the present defendant, which is now supplying these irrigation districts in accordance with their terms.

The situation in 1923 was, therefore, that the Santa Fe Land Improvement Company, sole stockholder of the San Dieguito Mutual Water Company (Henshaw having, in 1922, sold all his interest in the Mutual Company to the Land Improvement Company), was supplying water under the two contracts with these irrigation districts, and also other water, as follows:

To Del Mar Water, Light and Power Company, 724 acre-feet.
To Henshaw and Fletcher, 3,000,000 gallons daily.

It appears also that an already existing corporation known as the San Diego County Water Company, owned by Henshaw, controlled certain valuable property and water rights upon the upper reaches of the San Diego River above Lake Hodges. This company had for a time held an option upon all the Lake Hodges properties owned by the San Dieguito Mutual Water Company and the San Dieguito Water Company, the present defendants, was organized during the year 1924 under the laws of Nevada for the purpose of taking over all of these properties.

On July 25, 1924, the San Dieguito Mutual Water Company and said San Dieguito Water Company filed a joint application with this Commission (Application No. 10318) praying for an order of this Commission authorizing and permitting the sale and transfer of all the properties of the former to the latter, and in which both parties disclaimed any public utility status, and stated that the application was made only through precaution, and that by making it, neither admitted

or conceded that the properties were impressed with a public use, or that the Commission had any jurisdiction with respect to them.

Subsequently, an agreement was entered into between the Santa Fe Land Improvement Company and the San Dieguito Water Company, whereby the former agreed to the proposed purchase by the latter of all the properties of the San Dieguito Mutual Water Company, and which agreement contained the following recital:

First party hereby represents and agrees that no other person or persons are entitled to receive water from the properties transferred by San Dieguito Mutual Water Company to second party, save and except:

- (a) Santa Fe Irrigation District;
- (b) San Dieguito Irrigation District;
- (c) Del Mar Light, Water and Power Company; and
- (d) Assigns of the so-called Fletcher-Henshaw contract.

First party represents and agrees that said Del Mar Light, Water and Power Company is not entitled to receive more than seven hundred twenty-five (725) acre-feet of water per annum from said properties, which amount, however, is subject to reduction in years of drought to the same extent that the rights of San Dieguito Irrigation District and Santa Fe Irrigation District to deliveries of water, are subject to reduction during such periods of drought.

And on July 26, 1924, the Santa Fe Land Improvement Company assigned to the San Dieguito Water Company all of its right, title and interest in and to the four water contracts above described, and Henshaw and Fletcher assigned all their right, title and interest in and to the contract between themselves and the city of San Diego to the San Diego County Water Company, which in turn assigned the same to the present defendant.

On order of this Commission (Decision No. 13857) dated July 31, 1924, the sale of the properties of the San Dieguito Mutual Water Company to the San Dieguito Water Company as requested in said Application No. 10318 was approved and authorized, and a deed dated July 1, 1924, covering the entire transfer was later submitted and approved.

In June, 1925, San Dieguito Water Company and the Del Mar Water, Light and Power Company entered into a contract whereby the former agreed to sell to the latter an amount of water not to exceed 720 acre-feet per year from November 1, 1924, to October 31, 1957, to be delivered at a point to be agreed upon by the parties. From the record it appears that this contract was entered into for the purpose of reflecting the arrangement which was agreed upon at this time to supersede and to carry out the two prior contracts that had been entered into between the Del Mar Water Company and Henshaw concerning riparian rights, and between the Del Mar Water Company and the Santa Fe Land Improvement Company concerning a temporary supply during repair and enlargement of the Del Mar system. It is under this contract that defendant, San Dieguito Water Company, is

now supplying water to the Del Mar Water, Light and Power Company.

Thus far we have traced a complete chronological history of the development and operation of this water system as disclosed by the record now before us, and, except for the few facts taken from the Supreme Court's opinion above referred to relative to the Del Mar Water, Light and Power Company, it is based on the uncontradicted oral and documentary evidence introduced herein.

It seems evident that at all times this defendant and its predecessors in interest have not only disclaimed any intent to dedicate these properties or waters to the lands covered in this complaint, but that their acts have been uniformly consistent with such expressed lack of intent. We should add that at no time has water been sold or delivered to plaintiff or any of its predecessors in interest upon any of the lands covered by this complaint.

At the conclusion of the preliminary hearings had herein, it was agreed that the Commission would consider the question of jurisdiction and dedication, and that if it came to the conclusion that there was probable cause upon any ground to take jurisdiction over this matter, it would set the case for further hearing. A thorough and careful consideration of the facts then before the Commission, as outlined above, lead us to the conclusion that no evidence had, up to that time, been introduced in this proceeding upon which could be predicated a determination that this defendant or its predecessors in interest had at any time dedicated their waters to public use, and particularly to the lands covered in the present complaint. It was the Commission's position, however, that probable cause existed for it to take jurisdiction over this matter for these and certain other reasons, and the case was, therefore, set for further hearing.

At said further hearing a statement was read by the presiding commissioner declaring it to be the sense of the Commission that while the record then before us did not disclose substantial evidence showing a dedication of its water and water system to public use under the generally accepted significance of that term, it was forced, nevertheless, under subsection (dd) of section 2 of the Public Utilities Act, to assume jurisdiction and to set this matter for further hearing, since the evidence disclosed sales of water both directly to the Del Mar Water, Light and Power Company serving public utility consumers and others of the public in the town of Del Mar, and also sales indirectly to the city of San Diego, which resold to its own citizens within its limits. Additional hearings were had in San Diego, and the matter was argued before the Commission *en banc*.

At these hearings the position was taken by the defendant that the subsection above mentioned did not apply to its operations; that if it

did apply, it is unconstitutional; and further, that in any event, its application could not be extended to predicate a dedication of these waters or any of them to the lands mentioned in this complaint. It was the further position of the defendant that its water supply, both present and potential, is insufficient to allow it to render service to the lands mentioned in this complaint in addition to the other lands to be served under the contracts for water service above mentioned.

Testimony was introduced in an effort to substantiate this claim. The plaintiff did not appear and argue orally at the time of the argument *en banc*, but the defendant, together with certain other persons, appeared and argued orally to the effect mentioned above. A petition on the part of R. G. Townsend and C. W. L'Ecluse was presented to the Commission before the time of oral argument, but upon motion of defendants, the Commission ruled that it could not be received at that time.

The principal points made by defendants at the time of the oral argument were, first, assuming that the sales to San Diego and to the town of Del Mar through the city of San Diego and the Del Mar Company, constituted a dedication to public use under subsection (*dd*); nevertheless, the plaintiff's land is not within the scope of said dedication, and plaintiff's lands are, therefore, not entitled to water supply; and, secondly, that assuming that San Dieguito Water Company is in fact operating a public utility, it can not be required to take on such new consumers as would be the result of an order requiring service to plaintiff's lands, because so doing would injuriously withdraw the water supply to its present consumers. A third point discussed by defendant was that the Supreme Court of California has, in effect, already construed the subsection above mentioned to apply only to properties which in fact have been dedicated to develop a public use at the time of the sale covered in said subsection. The argument was reiterated that the properties of the San Dieguito Water Company have never been dedicated to public use.

Upon further consideration of the testimony adduced in this matter, we must adhere to our former conclusion that no substantial testimony has been adduced herein upon which we could reach a conclusion that the properties of this utility have been dedicated to public use, unless such dedication is imputed under the provisions of subsection (*dd*), section 2 of the Public Utilities Act. We are, however, of the opinion that if this provision of the Public Utilities Act is to be given any meaning whatsoever, we must hold that the defendant company is a public utility under said section, although upon the record before us we believe it evident that there has been no dedication of water service by defendant to lands of this plaintiff, and that the plaintiff is, therefore, not entitled to an order directing the service requested herein.

File

COMMISSIONERS
CLYDE L. SEAVERT, President
OPINIONS AND ORDERS

OF THE
RAILROAD COMMISSION OF CALIFORNIA

(Except unimportant Grade Crossings, Auto Stages, Supplementary Orders and Dismissals.)

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COMMISSIONERSCLYDE L. SEAVEY, *President*

HARLEY W. BRUNDIGE

IRVING MARTIN

EGERTON SHORE

JAMES T. WHITTLESEY

EXAMINERS

W. J. HANDFORD

WM. T. SATTERWHITE

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HENRY G. MATHEWSON,
Secretary,
State Building, Civic Center, San Francisco.

DECISION No. 13467.

IN THE MATTER OF THE APPLICATION OF H. D. VAIL AND ANNA H. VAIL FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Application No. 9834.

Decided April 24, 1924.

*H. D. Vail, in propria persona.**J. I. Boheim, in propria persona.*

BY THE COMMISSION.

OPINION.

In this application H. D. Vail and Anna H. Vail ask that they be granted a certificate of public convenience and necessity permitting the operation of a public utility to supply water for domestic purposes to territory in the vicinity of Downey, Los Angeles County.

A public hearing in this matter was held at Los Angeles, before Examiner Williams after all interested parties had been duly notified and given an opportunity to be present and be heard. The application was amended at the hearing to include J. I. Boheim as an applicant, as he is a part owner in the water system, and the request was also made that the Commission establish rates to be charged for the service rendered.

This water system was installed to aid in the sale of lots by applicants, and consists of an 8-inch well, 117 feet deep, a 2-inch centrifugal pump operated by a 5-horsepower electric motor automatically controlled, an elevated tank of 3000 gallons capacity, and a distribution pipe system consisting of 2-inch and 3-inch mains. Thirty-seven lots will be supplied eventually with water, the same being a subdivision of lots 8 to 14, inclusive, of Tract No. 2707, Los Angeles County. Seven consumers are now supplied with water for which no charge is made.

The testimony shows that applicants are able to render adequate service in the territory they have undertaken to supply. A full return upon the investment is not expected at this time, and applicants are willing to accept a schedule of rates similar to those charged by other utilities operating in the vicinity under like conditions.

No one appeared to protest the granting of this application, and it is evident that public convenience and necessity will be best served by authorizing applicants to operate the water system as a public utility.

ORDER.

Application having been made to this Commission for a certificate of public convenience and necessity and for the establishment of rates, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that H. D. Vail, Anna H. Vail and J. I. Boheim operate a public utility water system in the territory described in the application herein.

It is hereby ordered, that H. D. Vail, Anna H. Vail and J. I. Boheim be and they are hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for all water delivered to consumers subsequent to May 31, 1924:

Monthly Minimum Meter Charges.

1/4-inch meter	-----	\$1 00
3/4-inch meter	-----	1 25
1-inch meter	-----	1 75
1 1/4-inch meter	-----	2 25
2-inch meter	-----	4 00

Each of the foregoing monthly minimum meter charges will entitle the consumer to the quantity of water which that amount of money will purchase at the following monthly meter rates.

Monthly Meter Rates.

From 0 to 400 cubic feet, per 100 cubic feet	-----	\$0 25
From 400 to 1,000 cubic feet, per 100 cubic feet	-----	20
From 1,000 to 3,000 cubic feet, per 100 cubic feet	-----	15
Over 3,000 cubic feet, per 100 cubic feet	-----	12

Meters may be installed upon any service at the option of either the utility or the consumer. If installed at the option of the utility, the entire cost thereof shall be borne by the utility. If installed at the option of the consumer, the cost of the meter and its installation shall be advanced by the consumer to the utility, and the amount so deposited shall be refunded to the consumer as credits on the monthly bills for water consumed, at the rate of 30 per cent of the total amount of such monthly bills.

Monthly Flat Rates.

Service to house and lot	-----	\$1 50
--------------------------	-------	--------

It is hereby further ordered, that H. D. Vail, Anna H. Vail and J. I. Boheim be and they are hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

DECISION No. 13468.

IN THE MATTER OF THE APPLICATION OF ED FLETCHER, SOLE SURVIVING PARTNER OF THE PARTNERSHIP COMPOSED OF JAMES A. MURRAY, NOW DECEASED, ED FLETCHER AND WM. G. HENSHAW, DOING BUSINESS UNDER THE FIRM NAME AND STYLE OF CUYAMACA WATER COMPANY, FOR AN ORDER AUTHORIZING THE SALE OF A CERTAIN WATER SYSTEM IN SAN DIEGO COUNTY, NOW OWNED AND OPERATED BY SAID PARTNERSHIP, AND OF THE CUYAMACA WATER COMPANY, A CORPORATION, TO PURCHASE AND ACQUIRE SAID WATER SYSTEM, AND FOR

AN ORDER AUTHORIZING THE ISSUE OF STOCKS AND BONDS OF SAID CORPORATION.

Application No. 9865.

Decided April 24, 1924.

Crouch and Sanders, by *H. A. Sanders*, for Cuyamaca Water Company, a partnership.

Flint and McKay, by *A. R. Smiley*, for Cuyamaca Water Company, a corporation.

BY THE COMMISSION.

OPINION.

The Railroad Commission is asked to make an order authorizing Ed Fletcher, as sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, to sell and transfer to Cuyamaca Water Company, a corporation, all the property owned by the copartnership and described in this application, and authorizing the corporation to purchase and operate such properties and issue \$1,000,000 par value of common stock, and \$750,000 of bonds to acquire the properties.

Ed Fletcher is the sole surviving partner of the old and dissolved copartnership of Cuyamaca Water Company, and for that reason is said to be entitled to the sole and exclusive possession and management of the property of the dissolved partnership for the purpose of settling up the partnership estate and business.

The Commission in several previous proceedings has reviewed the history of the Cuyamaca Water Company, a copartnership, and has fixed values upon properties of the copartnership for condemnation purposes and has also considered the cost or value of such properties for the purpose of establishing rates. Particular reference is made to Decision No. 536, dated March 28, 1913 (Volume 2, Opinions and Orders of the Railroad Commission of California, page 464); Decision No. 2527, dated June 26, 1915 (Volume 7, Opinions and Orders of the Railroad Commission of California, page 305); Decision No. 2531, dated June 26, 1915 (Volume 7, Opinions and Orders of the Railroad Commission of California, page 334); Decision No. 8145, dated September 24, 1920 (Volume 18, Opinions and Orders of the Railroad Commission of California, page 897); Decision No. 9454, dated September 1, 1921 (Volume 20, Opinions and Orders of the Railroad Commission of California, page 507); and Decision No. 12277, dated June 26, 1923.

Applicants, in their Exhibit No. 1, filed in this proceeding, submit a general description of the properties to be transferred, together with their reported value. The cost of the properties to the copartnership, as disclosed by its records, appears in the Commission's Exhibit No. 1, prepared by T. G. Hughes, special accountant for the Railroad Com-

mission. The exhibit also shows the operating revenues and operating expenses for the years 1919 to 1923, both inclusive. After providing for depreciation, the company, during 1919 suffered a loss of \$125.50; during 1920, a loss of \$14,189.67; while during 1921 it had a surplus of \$60,369.71; during 1922, a surplus of \$20,247.33; during 1923, a surplus of \$47,913.79. The large surplus earnings during 1921 are primarily accounted for by the sale of water to the city of San Diego. The company sold no water to the city during 1922 or 1923. It is of record that the company may sell some water to the city during the current year.

The record in this proceeding does not warrant the Commission to authorize the issue of \$750,000 of bonds. It is believed that not more than \$500,000 of bonds should be issued by Cuyamaca Water Company, a corporation, to pay, in part, for the properties which it intends to acquire and that such bonds should bear interest at not to exceed 6½ per cent per annum, payable semiannually. No copy of the proposed deed of trust securing the payment of the bonds has been filed with the Commission. Not until a copy of such proposed deed of trust satisfactory in form to the Commission has been filed will a final order authorizing the issue of the bonds be made in this proceeding.

ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of the properties formerly owned by the Cuyamaca Water Company, a copartnership, to the Cuyamaca Water Company, a corporation, and for permission to issue stocks and bonds in payment for such properties, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the Cuyamaca Water Company, a corporation, should be authorized to issue not exceeding \$500,000 of first mortgage bonds and not exceeding \$1,000,000 of common capital stock for the purpose of acquiring the properties formerly owned by the Cuyamaca Water Company, a copartnership, and described in this application, and that the money, property or labor to be procured or paid for by the issue of the stocks and bonds herein authorized is reasonably required for the purposes specified in this order;

It is hereby ordered, that Ed Fletcher, sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, be and he is hereby authorized to sell and transfer to the Cuyamaca Water Company, a corporation, all of the property described in this application and in applicant's Exhibit No. 1 filed in this proceeding.

It is hereby further ordered, that the Cuyamaca Water Company, a corporation, be and it is hereby authorized to purchase and operate

such properties and to issue in payment therefor not exceeding \$1,000,000 par value of common stock and not exceeding \$500,000 face value of first mortgage bonds.

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

1. None of the bonds herein authorized to be issued shall be delivered until the Commission by supplemental order has authorized the execution of a deed of trust to secure the payment of the bonds.

2. The consideration being paid for the properties of the Cuyamaca Water Company, a corporation, shall not be interpreted as a finding of the value of such properties for the purpose of fixing rates or for any purpose other than the transfer herein authorized.

3. Applicant shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when the Cuyamaca Water Company, a corporation, has paid the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$500. No stock or bonds may be issued, sold or delivered under the authority herein granted after August 1, 1924.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

DECISION No. 13472.

IN THE MATTER OF THE APPLICATION OF EAST BAY WATER COMPANY, A CORPORATION, FOR AN ORDER EXTENDING THE TIME TO SELL STOCK.

Application No. 9837.

Decided April 24, 1924.

McCee, Tasheira and Wahrhaftig, by A. G. Tasheira, for Applicant.

BY THE COMMISSION.

ORDER.

In the above entitled application, East Bay Water Company asks the Commission to make an order extending the time within which it might issue and sell the Class "A" 6 per cent cumulative stock heretofore authorized by the Commission in Decision No. 6108, dated February 13, 1919; Decision No. 7062, dated January 27, 1920; Decision No. 8938, dated May 6, 1921; Decision No. 9655, dated October 27, 1921; Decision No. 9964, dated January 4, 1922; and Decision No. 11061, dated

October 5, 1922; and to make such further order as may seem necessary and proper.

The Commission, by its order in these decisions, authorized East Bay Water Company to issue in the aggregate \$1,626,382.41 of its Class "A" 6 per cent preferred stock and to use the proceeds to finance construction expenditures and to refund sinking fund payments. The time within which the company might sell the stock covered by the various decisions expired on or before June 30, 1923. At the time of expiration of the different orders, the company reports that it had issued and sold \$1,491,600 of stock, leaving a balance unissued of \$134,782.41. The company now desires to issue this stock and accordingly asks the Commission to make an order authorizing it to do so.

A public hearing in this matter was held before Examiner Fankhauser. The Commission has given consideration to applicant's request and believes it should be granted. It is further of the opinion that the company should be permitted to use the proceeds that it will receive from the sale of such stock to reimburse its treasury on account of earnings used in additions and betterments which have heretofore been reported to the Commission in these proceedings; therefore,

It is hereby ordered, that East Bay Water Company be and it is hereby authorized to issue and sell at not less than 85 per cent of par value the \$134,782.41 of its Class "A" 6 per cent preferred stock heretofore authorized by the Commission in the decisions to which reference is made herein and to use the proceeds to reimburse its treasury on account of surplus earnings used for extensions, additions and betterments.

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

1. Applicant shall keep such record of the issue, sale and delivery of the stock and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. None of the stock herein authorized to be issued may be issued, sold or delivered subsequent to December 31, 1924.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

DECISION No. 13478.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN CALIFORNIA TELEPHONE COMPANY FOR AN ORDER FIXING JUST AND REASONABLE RATES FOR TELEPHONE SERVICE, AUTHORIZING THE FILING OF SAME WITH THE COMMISSION, FIXING A DATE WHEN SUCH JUST AND REASONABLE RATES SHALL BECOME EFFECTIVE, AND DEFINING EXCHANGE BOUNDARIES FOR THE ADMINISTRATION AND ADVOCATING OF SAID JUST AND REA-

SONABLE RATES. TOGETHER WITH RULES AND REGULATIONS APPERTAINING THERETO.

Application No. 8145.

Decided April 24, 1924.

BY THE COMMISSION.

SUPPLEMENTAL ORDER.

WHEREAS, this Commission in its Decision No. 12733, dated October 22, 1923, ordered Southern California Telephone Company to file with this Commission, for its approval, revised definitions and rules and regulations defining and governing all classes of service rendered by it; and

WHEREAS, the definitions, rules and regulations filed by Southern California Telephone Company, in compliance with this order, are not full and complete, considering the conditions existing at present; and

WHEREAS, the definitions, rules and regulations, as set forth in Exhibit "A," attached to this order, do fully cover the conditions now existing throughout the territory served by Southern California Telephone Company, and to the service rendered by it;

It is hereby ordered, that Southern California Telephone Company file with this Commission, on or before May 15, 1924, the definitions, rules and regulations, as set forth in Exhibit "A," attached hereto.

It is hereby further ordered, that the definitions, rules and regulations, as set forth in Exhibit "A," attached hereto, be made effective on and after July 1, 1924.

Dated at San Francisco, California, this twenty-fourth day of April, 1924.

EXHIBIT "A."

RULES AND REGULATIONS APPLYING TO TELEPHONE SERVICE OF SOUTHERN CALIFORNIA TELEPHONE COMPANY.

DEFINITIONS.

Certain terms and phrases used in the following rules and regulations have the meaning as given in the definitions set forth below.

1. Exchange.

An exchange consists of one or more central offices, usually located in the same city, town or village, forming a local system providing local service between the subscribers in said city, town or village, or contiguous thereto, at rates established for that area.

2. Exchange area.

The exchange area for any particular exchange is the total area within which the company holds itself out to furnish exchange telephone service from central offices serving that area.

3. Primary rate area.

The primary rate area is an area which comprises the more congested territory within an exchange area in which the primary rates without mileage apply.

4. Suburban area.

The suburban area is that portion of the exchange area located outside or beyond the boundary of the primary rate area.

5. Exchange service.

Exchange service is telephone service furnished between subscribers within an exchange area.

6. Toll service.

Toll service is telephone service from one exchange or toll station to another exchange or toll station.

7. Telephone service.

Telephone service is service including both exchange and toll service.

8. Flat rate service.

Flat rate service is unlimited exchange service furnished for a fixed periodic charge.

9. Coin box service.

Coin box service is exchange service furnished from coin boxes, which requires a cash payment for each outgoing message.

10. Business service.

Business service is exchange service furnished individuals engaged in a business, firms, partnerships, corporations, agencies, shops, works, tenants of office buildings and hotels receiving individual or party-line service, and individuals conducting any business or practicing a profession having no other office than their residence, where the actual or obvious use is for business purposes.

11. Residence service.

Residence service is exchange service furnished subscribers at their residences or places of dwelling, where the actual or obvious use is for domestic purposes.

12. Individual line service.

Individual line service is exchange service furnished to a subscriber by means of an individual primary station connected to an individual line.

13. Party-line service.

Party-line service is exchange service furnished to a subscriber by means of a primary station connected to a line to which other primary stations may be permanently connected, all of which have access to that line.

14. Suburban service.

Suburban service is a ten-party line service furnished within the suburban area.

15. Farmer line service.

Farmer line service is exchange service furnished in the suburban area where the lines are built, owned and maintained by individuals and join the company's line at the boundary of the primary rate area or the city limits, in case the latter boundary is located a greater distance from the central office than the former. The connection of these lines with the exchange serving them is made at the company's central office and the subscribers are exchange subscribers.

16. Private branch exchange service.

Private branch exchange (P. B. X.) service is that exchange service furnished by means of trunk lines from the company's central office and branch switchboard, primary and extension stations, located on the subscriber's premises and operated by the subscriber.

(a) Hotel private branch exchange service.

Hotel P. B. X. service is P. B. X. service furnished to hotels, rooming and apartment houses, or to such portion of buildings letting rooms to the public for living quarters. Clubs letting rooms to members or guests of members only are not considered as being subscribers entitled to hotel service.

(b) Commercial private branch exchange service.

Commercial P. B. X. service is P. B. X. service furnished to a business (except hotels) as referred to in Definition No. 10.

17. Intercommunicating service.

Intercommunicating service is exchange service furnished to a subscriber by means of intercommunicating equipment which is so arranged that each station of that equipment may make connection with the various stations of its own system and also with the company's central office.

18. Private interior system.

Private interior system consists of telephone equipment furnished strictly within the confines of subscriber's premises, where the system as a whole is not connected to the company's central office. Any individual station on a private interior system may, however, receive exchange service through the company's central office by the necessary additional equipment provided under the published rates for such a service.

19. Premises.

A premises is that portion of an individual house or building entirely occupied by one family, one flat or apartment occupied by one family or any room of an office building, or two or more adjoining or opposite rooms of an office building, or two or more adjoining floors of an office building, providing all rooms on those floors are occupied by the same applicant or subscriber. Garages, caretakers' quarters used in connection with an individual house or building will be considered as a part of the premises of that house or building.

20. Ownership of premises.

Ownership of a premises will be established after a certificate is submitted to the effect that the premises is owned by the subscriber.

21. Applicant.

An applicant is a party applying for telephone service.

22. Subscriber.

A subscriber is a party who is receiving either partial or complete exchange telephone service.

23. Emergency.

An emergency exists in connection with an application for service in case of serious sickness or where public safety or public need is involved.

24. Member of a firm or business.

Individuals, firms, companies or associations engaged in the same business or profession on one premises, receiving service from the same facilities, are considered as members of a firm or business if the individuals or members of the firm, company or association file a joint income tax return and also if any individual member of a firm, company or association substantially participates in the earnings of his fellow members of such firm, company or association.

25. Temporary service.

Temporary service is service definitely known to be required for a short period (in general, less than 12 consecutive months) such as service to contractors for use during construction of a building, service to a circus, etc., of a temporary nature.

26. Speculative project.

Speculative projects are projects involving oil wells, mining projects, or other enterprises of speculative or hazardous nature.

27. Instrumentalities.

Instrumentalities are the telephone instruments located on a premises, excluding inside wiring, protective apparatus and drop wire. In case of a P. B. X., the instrumentalities include the switchboard and telephone instruments.

28. Temporary disconnect.

A service is temporarily disconnected when incoming service only is denied by the company.

29. Permanent disconnect.

A service is permanently disconnected when both incoming and outgoing service is denied by the company.

30. Date of presentation.

The date of presentation of a bill or notice from the company to any party is the date upon which that bill or notice is properly addressed and mailed, postage prepaid, in a sealed envelope to that party, or when delivered in person, the date upon which that bill or notice is given to that party.

31. Primary station.

A primary station is the main telephone station (excluding extension stations) of a subscriber's service. In case of a private branch exchange, the primary station includes all the subscriber's private branch exchange stations (excluding extension stations).

32. Extension station.

An extension station is an additional station connected to a primary station, both of which use the same circuit to the central office and, in the case of the private branch exchange, the extensions to the primary stations.

33. Supersedeure.

A supersedeure of a service means the transfer of a service, including the telephone number, from one party to another.

34. Line extension.

A line extension is the outside plant required in addition to existing facilities to render telephone service, and excludes instrumentalities, inside wiring, protective apparatus and drop wire.

RULE AND REGULATION NO. 1.

Description of Service.

A. General.

The company renders exchange telephone service throughout the territory served by it, as shown in maps filed with its schedule of rates. There is available to the subscriber, for his use, toll service with connecting companies. The company furnishes both automatically and manually operated telephones. The company may install either kind and may change the kind of telephone after installation, depending upon the need and requirements of the service. The exchange area is divided into a primary rate area, comprising the more congested portion of the territory served, and a suburban area, the territory served surrounding or beyond the primary rate area.

B. Service.

The company renders service, within the primary rate area and suburban area, under its effective rate schedules, and in general, as follows:

1. Class of service—

The following classes of service are furnished:

- a. Business service.
- b. Residence service.

2. Type of service—

The following types of service are furnished:

- a. Flat rate service.
- b. Coin box service.

3. Grade of service—

In general, the following grades of service are furnished:

Grade of service	Area applicable
a. Individual line	P. R. A. and S. A.
b. Two and four party line	P. R. A. and S. A.
c. Suburban	S. A.
d. Farmer line	S. A.
e. Private branch exchange—	
Commercial	P. R. A. and S. A.
Hotel	P. R. A. and S. A.
f. Intercommunicating	P. R. A. and S. A.

NOTE.—P. R. A.—Primary rate area.
S. A.—Suburban area.

Individual and party-line business and residence service is rendered in the suburban area under rates for that service applicable in the primary rate area, plus mileage rates.

Miscellaneous service, including interior telephone systems for apartment houses, rentals for attachments to the company's pole lines, private interior systems, private lines, and supplemental equipment, is furnished by the company under its schedule of rates.

Service is furnished at the base rates associated in the exchange service schedules where the stations of the subscribers are on the premises in which the primary stations, private branch exchange switchboard or receiving station is located.

The application of business and residence rates to private and public telephone service is governed by the actual or obvious use made of the service by the subscriber. If residence service is found to be used largely or principally for business purposes, the company will provide business service, except in cases where the subscriber will thereafter use the service for domestic or social requirements.

C. Extension stations.

1. Number—

The following is the maximum number of extension stations which will be connected to a primary station:

Class of service	Maximum number of extension stations
Individual	3
Two-party	1 per service
Four-party	None

2. Location outside premises—

Extension stations for business service will be installed outside the premises in which the primary station is located, provided, they are for use by the subscriber only and are located on the subscriber's premises and within the standard transmission limits.

Extension stations for residence service will be installed only in connection with the subscriber's residence service for use by the subscriber, and must be located on the same premises.

D. Auxiliary line stations.

Auxiliary line stations will be provided only in connection with individual line business service, and will be located on the same premises as the individual business line. Telephone numbers of auxiliary lines will not be listed in the telephone directory.

E. Private branch exchange service.

1. Commercial service—

Private branch exchange switchboards consist of at least one position, two trunk lines and four stations, excluding switchboard telephone.

Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station.

One or two position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single-head receiver. An operating set, consisting of a single-head and chest type transmitter, will be provided for switchboards of two or three positions, when requested, without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

2. Hotel service—

Private branch exchange switchboards will consist of at least one position, two trunk lines and ten stations, excluding switchboard telephone.

One or two position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single-head receiver.

Switchboards exceeding three positions are provided with detachable operators' sets consisting of a single-head receiver and a chest type transmitter.

The operators' sets will be provided for switchboards of two or three positions, if requested, without additional charge. Operators' chairs will be provided with each multiple switchboard. Switchboards will be provided in standard finish at the time of installation.

F. Intercommunicating systems.

Intercommunicating systems will consist of at least the following number of trunks and stations:

Service	Minimum trunks	No. of stations*
Business	2	4
Residence	1	3

*Includes receiving stations.

G. Suburban service.

Suburban service will be rendered outside the primary rate area, but within the exchange area, to less than ten (10) subscribers; provided, the total minimum exchange revenue from each circuit is not less than that of five (5) residence stations. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

H. Private interior systems.

Private interior systems will be installed where they can be effected with standard wiring, telephones, and switching devices. Any interior system connected to the company's system shall be installed (or its installation approved by the company), owned and maintained by the company.

I. Private lines.

Private lines will be provided solely for communication between stations thereon and will not be connected with the company's exchange service lines.

J. Vacation service.

Subscribers to residence service, while temporarily absent from their residences, may obtain a vacation rate under conditions as set forth in the schedule of rates.

RULE AND REGULATION NO. 2.

Application for Service.

The company will require each applicant to sign an application for the service desired, on a form provided by the company, as a condition precedent to the initial establishment of such service.

The application for initial service shall set forth:

- a. Listing as it is to appear in the telephone directory.
- b. Classified heading in telephone directory.
- c. Additional listings as they are to appear in telephone directory.
- d. Service desired.
- e. Purpose for which service is to be used.
- f. Whether facilities are in place on premises where service is desired.
- g. Whether applicant is the owner, agent or tenant of the premises.
- h. Date applicant will be ready for service.
- i. Address to which bills are to be mailed or delivered.
- j. Date of application.
- k. Signature of applicant.
- l. Such other information as the company may reasonably require.

The company will accept an oral or written application from a subscriber for additions to or changes in the existing service of such subscriber.

An application is merely a request for service and does not in itself bind the company to serve except under reasonable conditions, nor does it bind the applicant to take service.

An application for service canceled by the applicant or the company prior to the establishment of the service applied for, is subject to the following conditions:

A. Canceled by applicant.

1. If cancellation is requested by applicant prior to the time instrumentalities are installed on applicant's premises, the application will be canceled by the company and no charge will be made against the applicant except as specifically covered by written contract as provided for in these rules and regulations.

2. If cancellation is requested by applicant subsequent to the time instrumentalities are installed on applicant's premises but not connected for service, the application will be canceled by the company and the company will collect the service connection charge applicable to the instrumentalities actually installed at the time of requested cancellation or such other amounts as may be specifically provided for by written contract previously made in accordance with these rules and regulations.

3. If cancellation is requested by the applicant subsequent to the time instrumentalities are installed on applicant's premises and connected for service, such cancellation being in effect a regular discontinuance of service, the conditions of the above paragraph A. 2 and the minimum requirements of the rate will be applicable.

B. Canceled by company.

If applicant refuses to comply with the company's rules and regulations prior to the establishment of service, the company may cancel the application, in which case any amounts collected from the applicant will be refunded.

RULE AND REGULATION NO. 3.

Rates and Optional Rates.

The rates to be charged by and paid to the company for telephone service will be the rates legally in effect and on file with the Railroad Commission of the State of California. Complete schedules of all rates for exchange service in effect for any district will be kept at all times in the company's local business office for that district where they will be available during regular business hours for public inspection.

Where there are two or more rate schedules applicable to any class of service, the company, or its authorized employees, will call applicant's attention at the time application is made to the several schedules, and the subscriber will be required to designate which rate or schedule he desires.

In the event of the adoption by the company of new or optional schedules of rates, the company will take such measures as may be practicable to advise those of its subscribers who may be affected that such new or optional rates are effective.

In the event that a subscriber desires to take service under a different schedule than that under which he is being served, the change will become effective on the day the change is completed.

RULE AND REGULATION NO. 4.

Special Information Required on Forms.

A. Contracts.

Each contract form for telephone service will contain the following provision: This contract shall at all times be subject to such changes or modifications as the Railroad Commission of the State of California may from time to time direct in the exercise of its jurisdiction.

B. Bills.

1. Each regular monthly bill for telephone service will contain on the face thereof the following notation:

If this bill is not paid within fifteen days from date of presentation, service may be discontinued, in which event restoration will not be made until this bill and the service charge have been paid.

2. Each regular annual bill for telephone service will contain on the face thereof the following notation:

If this bill is not paid within thirty days from date of presentation, service may be discontinued, in which event restoration will not be made until this bill and the service charge have been paid.

3. Disputed bills—

Each regular bill for telephone service will contain on the face or back thereof the following:

In case of a dispute between the subscriber and the company as to the correct amount of a bill rendered by the company for service furnished to the subscriber, which can not be adjusted with mutual satisfaction, the subscriber may deposit with the Railroad Commission of the State of California the amount claimed by the company to be due. Upon receipt of said deposit, the Commission will investigate the facts and communicate its findings to the parties.

Failure on the part of the subscriber to make such deposit within fifteen days after notice by the company that such deposit must be made or service

may be discontinued, shall warrant the company in discontinuing service without further notice.

C. Deposit receipts.

Each receipt for a deposit collected for the establishment of credit will contain the following provision on the face thereof:

This deposit may be applied, in so far as necessary, in payment of all charges for the telephone service which it guarantees, when such charges remain unpaid after notice in accordance with the company's rules and regulations on file with the Railroad Commission of the State of California that they are due and payable.

This deposit, less the amount of any unpaid bills for telephone service, will be refunded, together with any interest due at 6 per cent per annum, upon discontinuance of service or after the deposit has been held for twelve consecutive months, provided service has been continuous and all bills for such service have been paid in accordance with the rules and regulations as approved by the Railroad Commission of the State of California.

If service is terminated before the expiration of twelve months from the date hereof, the deposit will be refunded without interest, upon payment of all charges then due.

RULE AND REGULATION NO. 5.

Establishment and Reestablishment of Credit.

Each applicant for service will be required to establish his credit before service will be rendered.

A. Establishment of credit.

1. Flat rate exchange service—

Credit of an applicant will be established upon the advance payment before establishment of service, of the charge for service for the period for which bills are regularly rendered as specified in the rate schedule.

2. Coin box exchange service—

Credit of an applicant will be established when the conditions of any one of the following provisions is met:

(a) If applicant is the owner of the premises upon which the company is requested to furnish service or is the owner of other real estate within the exchange area in which service is requested.

(b) If the applicant makes a cash deposit with the company to secure the payment of bills for telephone service to be furnished by the company under the application, as provided in rule and regulation No. 6 herein contained.

(c) If the applicant furnishes a guarantor satisfactory to the company for payment to the company of bills of applicant for telephone service to be furnished by the company under the application.

(d) If the applicant is a subscriber to service in the same exchange in which the changed, additional or new service is applied for and has paid all bills for service on the average within the period set forth in rule and regulation No. 11-A, for a period of twelve consecutive months immediately prior to the date when the application for the changed, additional or new service is made upon the company.

(e) If the applicant has previously been a subscriber of the company in the exchange in which service is applied for and has paid all bills for service on the average within the period as set forth in rule and regulation No. 11-A, for a period of twelve consecutive months immediately prior to the date when the applicant for service previously ceased to take service from the company, provided such service occurred within two years from the date of the new application for service.

3. Toll service—

An applicant's credit for toll service will be established when that applicant has established his credit for exchange service.

B. Reestablishment of credit.

1. All types of service—

a. An applicant for telephone service who has been a subscriber of the company and whose service has been permanently discontinued for failure to pay a bill for telephone service (of the same class as being applied for), within the period as set forth under rule and regulation No. 11-A, within a twelvemonth period prior to the last date upon which the applicant received service, provided the date of discontinuance occurred within a period of two years prior to the date of application, may be required, before service is resumed, to reestablish his credit by making a cash deposit in an amount not to exceed a sum equal to the average periodic bill for that service.

b. A subscriber for telephone service who fails to pay his bill for telephone service, as provided in rule and regulation No. 11-A, and who further fails, upon second notice of not less than five (5) days, to pay said bill within the time required by the second notice, may be required, before service is resumed, to pay said bill and to reestablish his credit by making a cash deposit in an amount not to exceed a sum equal to the average periodic bill for that service.

c. A subscriber whose service has been temporarily disconnected for failure to pay a bill for telephone service, as provided in rule and regulation No.

11-A, may be required, before service is resumed, to reestablish his credit by making a cash deposit in an amount not to exceed a sum equal to the average periodic bill for that service.

RULE AND REGULATION NO. 6.

Deposits.

A. Establishment of credit.

1. Flat rate exchange service—

No deposits from applicants for flat rate exchange service will be required for the establishment of credit.

2. Coin box exchange service—

The amount of deposit for the establishment of credit for coin box exchange service will be an amount equal to the minimum monthly charge for that service.

B. Reestablishment of credit.

The amount of the deposit required from an applicant or subscriber to reestablish credit for telephone service, as set forth in rule and regulation No. 5-B, or from any subscriber whose service has been discontinued for nonpayment of bills, or who has failed to pay bills upon second notice, in time required by second notice, which will not be less than five days, shall not exceed a sum equal to the average periodic bill for that telephone service.

C. Other deposits.

The amount of deposit required for purposes other than the establishment and reestablishment of credit will, in each case be in accordance with the terms of the contract as may be provided for in the regular schedule of rates and these rules and regulations.

RULE AND REGULATION NO. 7.

Return of Deposit—Interest on Deposit.

A. Return of deposit collected in connection with establishment and reestablishment of credit.

The company will notify the subscriber in writing that his deposit is subject to return and will refund the deposit in accordance with the following provisions:

1. When the service is ordered discontinued by the subscriber, except when there are charges due the company for telephone service to the subscriber, in which case, the deposit will be applied to the charges and the excess portion of the deposit will be returned.

2. When the deposit has been held for twelve consecutive months from the date of receipt thereof and exchange service has been continuous and all bills for telephone service have been paid in accordance with these rules and regulations.

3. When an application is canceled prior to the establishment of service.

B. Interest on deposit collected in connection with establishment and reestablishment of credit.

1. Interest at the rate of 6 per cent per annum will be paid on deposit held by the company for the first twelve consecutive months, provided service has been continuous and all bills for telephone service have been paid on the average within the period as set forth in rule and regulation No. 11-A and for such additional time thereafter as the company may hold the deposit up to the date on which the subscriber is notified that the deposit is subject to return.

2. No interest will be paid on a deposit if that deposit is held for a period of less than twelve consecutive months.

C. Interest on other deposits.

1. Deposits collected for purposes other than the establishment or reestablishment of credit will in each case be refunded with interest, if any, in accordance with the terms of the contract as may be provided for in the regular schedule of rates and these rules and regulations.

RULE AND REGULATION No. 8.

Priority of Service Application and Supersedure.

A. Priority of service application.

Application for service covered by the schedules of rates on file will be accepted by the company. The service requested will be rendered in accordance with the chronological order of their receipt, in so far as practicable and in accordance with economical administration, except in the following cases, in which deviation shall be made in the following order in accordance with the facilities available to serve the applicant's premises:

(1) Application for service in case of real emergency will be given priority over all other applications included under sections (3), (3) and (4) below.

(2) Application where the instrumentalities are in place on the premises to which the application applies and where service to those instrumentalities has not been permanently discontinued and assigned to another subscriber

will be given priority over all other applications included under sections (3) and (4) below.

(3) Application of a party who has been a subscriber of the company within a one month period immediately prior to the date of application will be given priority over other applications referred to under section (4) below.

(4) Application for business service will be given priority over applications for residence service which have been held for a period of less than two months.

B. Supersedure.

An applicant may supersede the service of a subscriber discontinuing that service only when the applicant is to take service on the premises where that service has been rendered and a written notice to that effect from both the subscriber and applicant is presented to the company.

The installation of a service to an applicant when the instrumentalities are in place but where the telephone number of the outgoing subscriber is not to be transferred to the incoming party, will be made in accordance with section A of this rule and regulation.

RULE AND REGULATION NO. 9.

Service Charge for Restoration of Service.

A service charge of \$1 may be made and collected by the company before the restoration of service where service has been temporarily discontinued for any of the following reasons:

a. Nonpayment of bills as required by these rules and regulations.

b. To protect the company against fraud.

c. For failure of subscriber to comply with the company's rules and regulations after service has been established.

d. For any other reason for which subscriber is responsible, except a change in class, type or grade of service or location of facilities.

When a service has been permanently disconnected the above charge does not apply.

RULE AND REGULATION NO. 10.

Rendering and Payment of Bills.

A. Rendering of bills.

1. Flat rate exchange service—

Bills for flat rate exchange service in the period as specified in the rate schedule may be rendered in advance and are payable in advance.

2. Coin box exchange service—

Bills for coin box exchange service in the period as specified in the rate schedule will be rendered in arrears either monthly, fortnightly, or weekly, and are due and payable on date of presentation.

B. Billing period.

Bills for exchange service will be rendered and coin boxes opened as nearly as possible at regular intervals. Except as otherwise stated, the regular billing period will be once each month.

C. Payment of bills.

Payment of bills for telephone service shall be made at the office of the company or to a duly authorized collector of the company.

Removal bills, special bills, bills rendered on vacation of premises, or bills rendered to persons discontinuing exchange service, will be payable upon presentation. Bills for service connection or restoration of service, and deposits for the establishment or reestablishment of service, must be paid before service will be installed or restored.

D. Adjustment of bills.

Opening, closing and monthly bills for telephone service rendered for periods in excess of or less than a calendar month, will be prorated on the basis of the number of days in the period in question to the total number of days of that month or of an average month of thirty days, when the period in question involves a portion of more than one calendar month, provided, however, that when the total period for which service is taken is less than one month, the total charge for that service will not be less than the monthly minimum charge.

E. Rates applicable during temporary disconnection of service for nonpayment.

When the company has the right to temporarily or permanently discontinue exchange service as provided by these rules and regulations, it may do either at its option.

Service temporarily disconnected, will be charged for in accordance with the regular rates for a period not to exceed fifteen (15) days subsequent to the date of temporary disconnection.

RULE AND REGULATION NO. 11.

Discontinuance of Service.

A. Nonpayment of bills.

1. Flat rate exchange service—

Flat rate exchange service of a particular service, separately served and billed, may be temporarily or permanently discontinued for the nonpayment of that bill, provided that bill therefor has not been paid within—

Thirty calendar days after presentation, when bills are normally made out yearly;

Fifteen calendar days after presentation, when bills are normally made out monthly;

Seven calendar days after presentation, when bills are normally made out fortnightly;

Four calendar days after presentation, when bills are normally made out weekly;

but in no case less than the above prescribed number of days after the first day of service covered by that bill.

2. Coin box exchange service—

Coin box exchange service to a particular installation, separately served and billed, may be temporarily or permanently discontinued for the nonpayment of a bill for the service rendered thereto, provided that the bill therefor has not been paid within—

Thirty calendar days after presentation, when bills are normally made out yearly;

Fifteen calendar days after presentation, when bills are normally made out monthly;

Seven calendar days after presentation, when bills are normally made out fortnightly;

Four calendar days after presentation, when bills are normally made out weekly;

except in case a deposit to guarantee bills has been made, in which case the service will not be temporarily or permanently discontinued until the amount of the deposit has been fully absorbed.

3. Toll service—

When a subscriber's exchange service is temporarily or permanently discontinued as provided for in these rules and regulations, the subscriber's toll service will also be discontinued.

When a subscriber fails to pay bills for toll service rendered in connection with a particular exchange service, telephone service may be temporarily or permanently discontinued, provided that the bill therefor has not been paid within—

Fifteen calendar days after presentation, when bills are normally made out monthly;

Seven calendar days after presentation, when bills are normally made out fortnightly;

Four calendar days after presentation, when bills are normally made out weekly;

provided, that in case a deposit to guarantee bills has been made, the service will not be temporarily or permanently disconnected until the amount of the deposit has been fully absorbed; and further, provided, that in case of question or dispute regarding the correct amount of the bill, telephone service will not be discontinued.

In such a case, if such question or dispute can not be adjusted with mutual satisfaction, the subscriber may deposit with the Railroad Commission of California the amount claimed by the company to be due and failure upon the part of the subscriber to make such deposit within fifteen (15) days after notice by the company that such deposit must be made or service may be discontinued, shall warrant the company in discontinuing the service without further notice.

B. Service at a previous location.

A subscriber's telephone service may be temporarily or permanently discontinued for nonpayment of a bill for the same class (residence or business) rendered at a previous location served by the company, provided said bill is not paid within thirty days after the date of presentation at the new location.

C. Directory advertisement.

A subscriber's telephone service will not be temporarily or permanently discontinued for failure of that subscriber to pay any charge for directory advertisement.

D. Corrected bills.

If the company renders a back bill to a subscriber for service received which has not theretofore been billed to the subscriber within a period of ninety days from the date service was rendered, and if the subscriber has paid bills for service subsequent to the period covered by the back bill and prior to the time of rendering the back bill, then the company will not discontinue the subscriber's service for the failure to pay that back bill if questioned or disputed by the subscriber. In such a case, if such question or dispute can not be adjusted with mutual satisfaction, the subscriber may deposit with the Railroad Commission of California the amount claimed by the company to be due and failure on the part of the subscriber to make such a deposit within fifteen days after notice by the company

GENERAL ORDER,
No. 46.

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Railroad Commission of the State of California.

REGULATIONS GOVERNING THE PROTECTION AND GUARDING OF MOVING MACHINERY, POWER TRANSMISSION AND OTHER MECHANICAL EQUIPMENT, LADDERS AND STAIRWAYS, PLAT- FORMS, PASSAGES AND OTHER FACILITIES.

Issued Under Authority of Section 42, Public Utilities Act.

Approved May 8, 1916. Effective June 1, 1916.

It is hereby ordered by the Railroad Commission of the State of California that the safety regulations hereinafter prescribed for the protection and guarding of moving machinery, power transmission and other mechanical equipment, ladders and stairways, platforms, doors, windows and floor openings, hoistways and conveyors and other equipment and facilities of like nature, shall hereafter be observed by public utilities in this State unless otherwise authorized or directed by this Commission.

1. Gears.

(a) All gears, where exposed to contact, must be entirely enclosed, or equipped with side flanges extending inward beyond the root of the teeth.

(b) All spoke gears and open web gears, which are over eighteen (18) inches in diameter, where exposed to contact, must be entirely enclosed. On large gears, such as those on heavy shears and punches, the guard must be such as to cover them to a height of seven (7) feet above the floor.

(c) Where it is clearly impracticable to cover gears, as described above, a boxed frame of metal or wood must be installed, completely shutting off the machinery gears.

(d) All gear guards must be kept in place while the machinery is in operation.

2. Belts.

(a) All belts, ropes or chains driving machinery or shafting, and all secondary belts, ropes or chains where exposed to contact, must be guarded. In all cases the point where the belt, rope or chain runs onto the pulley, sheave or sprocket, if within seven (7) feet of the floor or platform, must be guarded.

Exception.—Belts which are so small or so slow moving that they are not in any way a source of danger.

(b) All horizontal belts, ropes or chains driving machinery or shafting seven (7) feet or less above the floor or platform, where exposed to contact, must be guarded. All overhead belts six (6) inches or more in width and over seven (7) feet from floor or platform, must be guarded underneath and on sides, unless so guarded that persons can not pass under them. All chain or rope drives over seven (7) feet from floor or platform must be guarded in like manner to belts over six (6) inches in width. In all cases the guard should cover the outer faces of the two pulleys or sheaves and extend upward to such a point, and be attached in such a way, that in case the belt, chain or rope breaks, the guard will withstand the whipping force.

(c) Vertical and inclined belts must be substantially guarded as follows:

If the guard must be less than fifteen (15) inches from the belt, with a complete enclosure of wood or metal to a height of six (6) feet above the floor.

If the guard can be placed with at least fifteen (15) inches clearance from the belt, with a two-rail railing at least three and one-half (3½) feet high.

NOTE.—In rooms, or parts of rooms, used exclusively for transmission machinery, such as the ground floor of sawmills and the basements of paper mills or flour mills, it has been found practical to define certain passageways for the use of oilers and millwrights, and to guard the pulleys, belts and shafts along these passageways.

3. Pulleys.

(a) Pulleys must be so placed as to allow the width of the belt between two pulleys, or between the pulley and the shaft hanger or bearing, or a hook must be provided, or a guard placed adjacent to the pulley to prevent the belt from leaving the pulley.

(b) All machines must be equipped with a loose pulley or a clutch or some other adequate means of stopping the machine quickly.

(c) All pulleys or parts of pulleys within seven (7) feet of the floor must be guarded, if exposed to contact.

4. Clutches.

(a) All clutches must be completely guarded where exposed.

NOTE.—Practically all clutches have protruding parts which make them as dangerous as projecting set screws on shafting.

5. Belt Shifters.

(a) A permanent belt shifter must be provided for all loose pulleys, and must be located within easy reach of the operator. The construction of belt shifters must be such as to make it impossible for the belt to creep back onto the tight pulley. All belt shifters must be equipped with a lock or some other device to prevent accidental shifting.

6. Shafting.

(a) All transmission shafting, either horizontal or vertical, in workrooms or in passageways leading to workrooms, and located within seven (7) feet of the floor or platform, must be guarded.

(b) Dead ends of shafts less than seven (7) feet from the floor or platform, or wherever exposed to contact, must be guarded.

7. Set Screws.

(a) All projecting set screws on moving parts must be removed, countersunk or protected by a solid collar, or a headless set screw must be used. No part of the set screw must project above the surface.

8. Sprockets.

(a) All sprockets must be guarded, if exposed.

9. Flywheels.

(This applies to flywheels of machines and not to flywheels of engines, which must be guarded in accordance with Safety Orders for Stationary Engines.)

All parts of flywheels with spokes, which are seven (7) feet or less above the floor, must be guarded as follows:

(a) If guard is at least fifteen (15) inches in the clear from both sides and face of wheel, a fence may be used at least three and one-half (3½) feet high, to be either solid or of substantially supported wire mesh or close slats.

(b) If guard is less than fifteen (15) inches in the clear from both sides and face of wheel, a fence must be provided at least five (5) feet high, the fencing to be either solid or of substantially supported wire mesh or close slats.

Exception.—Flywheels which are so small or so slow moving that they are not in any way a source of danger.

(c) All flywheel pits must be surrounded with a toe-board not less than six (6) inches in height.

10. Grinding Wheels.

(a) Where practicable, grinding wheels must be provided with a hooded guard of sufficient strength to withstand the shock of a bursting wheel. This guard must be adjusted close to the wheel and extend forward over the top of the wheel to a point at least thirty (30) degrees beyond a vertical line drawn through the center of the wheel.

(b) Arbor ends must be guarded.

(c) Speed of wheels must not exceed the speed guaranteed by the manufacturer.

(d) Where practicable, grinding wheels must be provided with safety flanges.

NOTE.—Wheels should be handled with the greatest care in unpacking, storing, delivering, etc., and should never be left standing on the ground or wet places. Great care should be used in mounting wheels; never force a wheel on the arbor. It is advisable to use relieved flanges, compressible washers between wheel and flange, and to obtain a perfect bearing at the outer edge of the flange. Vibration should be avoided at all times.

TABLE OF GRINDING WHEEL SPEEDS.

Diameter of wheel in inches	Revolutions per minute for surface speed of 4,000 feet	Revolutions per minute for surface speed of 5,000 feet	Revolutions per minute for surface speed of 6,000 feet
1	15,279	19,099	22,918
2	7,639	9,549	11,459
3	5,093	6,366	7,639
4	3,820	4,775	5,730
5	3,056	3,820	4,584
6	2,546	3,183	3,820
7	2,183	2,728	3,274
8	1,910	2,387	2,865
10	1,528	1,910	2,292
12	1,273	1,592	1,910
14	1,091	1,364	1,637
16	955	1,194	1,432
18	849	1,061	1,273
20	764	955	1,146
22	694	868	1,042
24	637	796	955
26	586	733	879
28	546	683	819
30	509	637	764
32	477	596	716
34	449	561	674
36	424	531	637

The revolutions per minute at which wheels are run is dependent on conditions, and in actual practice wheels are run at surface speeds of from 4,000 to 6,000 feet per minute up to as high as 7,500. It is recommended that for most grinding operations surface speeds should not exceed 6,000 feet. As a wheel wears down the speed is increased to maintain the same surface speed, and great care must be exercised when a new wheel is provided to avoid overspeeding.

11. Ladders.

(a) All movable ladders (except substantial stepladders) must be provided with either sharp points at the foot or wide, rough surface feet, or other effective means to prevent slipping. Ladders for use in oiling overhead shafting, where necessary to rest same on the shafting, must be arranged to hook over the shafting.

12. Stairways.

All stairways must be equipped with handrails, the top of which shall be 30 inches vertically from the nose of the tread, as follows:

(a) Where the stairway is not built next to a wall or partition, rails must be placed on both sides.

(b) If stairway is closed on both sides, at least one handrail must be provided.

(c) If width is greater than four (4) feet, rails must be provided on each side.

(d) If width is eight feet or greater, rails must be provided on each side and in center of stairway, except in cases where in the judgment of the Industrial Accident Commission a center railing would be impracticable.

(e) All stairways must be properly lighted either by natural or artificial light.

NOTE.—Stairways should not be built at a sharper angle than fifty (50) degrees. For sharper angles, ladders should be used instead.

13. Platforms and Runways.

(a) All elevated walks, runways or platforms, except on loading or unloading sides of platforms, if four (4) feet or more from the floor level, must be provided with a two-rail railing not less than three and one-half (3½) feet high. If height exceeds six (6) feet above floor level, a toe-board must be provided to prevent material from rolling or falling off.

(b) Wherever permanent elevated platforms are in frequent use they must be equipped with a permanent stairway or stationary ladder.

14. Swinging Doors—Windows.

(a) All swinging doors in stairways and all doors swinging both ways in general passageways must be provided with windows. One window must be provided for each section of double swinging doors. Both sides of the doors must be provided with adequate light, either natural or artificial, during the hours of active operation in the department in which said swinging doors are located. The windows must be kept free from dirt or other obstruction to the vision.

NOTE.—In order to accommodate boys or girls, the bottom of the windows should not be more than forty-eight inches from the floor. The size of the window which is recommended should be not less than eight inches by twenty-four inches. Guards should be placed over the window to protect the glass from being broken by protruding parts on trucks, etc.

15. Passages—Keep Clear.

(a) All passageways and gangways must be kept clear and in good repair and free from nails or obstructions over which persons may stumble and fall.

16. Keys and Keyseats.

(a) All projecting keys in shafting, where exposed, must be cut off or guarded, and all keyseats in ends of shafts, where exposed, must be filled flush or guarded.

Exception.—When in the opinion of the Industrial Accident Commission it is impossible to fill or guard the keyseats of machines without interfering with the operation of the machine.

17. Floor Openings.

(This applies to any floor opening.)

(a) All floor openings must be guarded with a railing not less than three and one-half ($3\frac{1}{2}$) feet high, having a toe-board not less than six (6) inches high, and an additional railing midway between the toe-board and top rail, railings to be constructed in a safe and substantial manner, of either pipe, metal work or wood. One or more sides may be on hinges, or if hinges are impracticable, sockets may be used.

(b) All chutes or stairway openings which can not be guarded as required in (a) must be provided with a hinged cover, which, when open, must be guarded in a safe and substantial manner.

18. Hoistways.

(a) Any platform outside of a building, or any opening giving access to a yard arm, used for the purpose of hoisting or lowering material by tackle or other means from one level to another (not including platform elevator) must be guarded according to standards for floor openings.

19. Conveyors.

(a) All conveyors shall, where exposed to contact, be guarded. If conveyor runs in a trough within three (3) feet above a floor level, or just below a floor level, it shall be either completely covered with a substantial lid, or enclosed by a railing, and necessary crossings provided and guarded.

This order shall be effective, as to all equipment and facilities to be hereafter installed, on and after June 1, 1916, and as to all equipment and facilities heretofore installed this order shall be effective on and after September 1, 1916.

RAILROAD COMMISSION OF THE STATE
OF CALIFORNIA,

By CHARLES R. DETRICK, *Secretary.*

LM

Decision No. 13524

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of ED FLETCHER, sole surviving partner of the partnership composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of CUYAMACA WATER COMPANY, for an order authorizing the sale of a certain water system in San Diego County, now owned and operated by said partnership and of the Cuyamaca Water Company, a corporation, to purchase and acquire said water system; and for an order authorizing the issue of stocks and bonds of said corporation.

Application Number 9865

Crouch and Sanders, by Hugh A. Sanders,
for Applicants.

MARTIN, Commissioner:

FIRST SUPPLEMENTAL ORDER

The Railroad Commission by Decision Number 13468 dated April 24, 1924 authorized Cuyamaca Water Company, a corporation, subject to the conditions of such decision, to issue \$500,000 of bonds and \$1,000,000 of common stock for the purpose of acquiring the properties of Cuyamaca Water Company, a co-partnership. On April 29th there was filed in the above entitled matter an application for a re-hearing and the issue of \$250,000 of seven percent, preferred stock. A re-hearing was granted and a hearing had on May 1st. It is of record that the proceeds realized from the sale of \$500,000 of bonds will not be sufficient to enable the parties in interest to consummate the transfer of the properties of Cuyamaca Water Company, a co-partnership, to the Cuyamaca Water Company, a corporation. It is believe that such trans-

fer can be financed if the Commission will authorize the issue of \$250,000 of seven percent. cumulative preferred stock. Applicants ask that this stock be additional to the \$1,000,000 of stock which the Commission has heretofore authorized to be issued. Consideration has been given to this request and it is believed that the \$250,000 of preferred stock which the Cuyamaca Water Company now asks permission to issue should not be additional to the stock heretofore authorized to be issued, but should be in substitution for \$250,000 of the common stock so authorized, therefore;

IT IS HEREBY ORDERED that the provision of the order in Decision Number 13468 dated April 24, 1934 reading:

IT IS HEREBY FURTHER ORDERED that Cuyamaca Water Company, a corporation, be, and it is hereby, authorized to purchase and operate such properties and to issue in payment therefor not exceeding \$1,000,000 par value of common stock and not exceeding \$500,000 face value of first mortgage bonds.

be, and it is hereby, amended so as to read--

IT IS HEREBY FURTHER ORDERED that the Cuyamaca Water Company, a corporation, be, and it is hereby, authorized to purchase and operate such properties and to issue in payment therefor, not exceeding \$750,000 par value of common stock; not exceeding \$250,000 par value of seven percent. cumulative preferred stock; and not exceeding \$500,000 face value of first mortgage bonds. The corporation shall as soon as possible file with the Commission a certified copy of its amended Articles of Incorporation.

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 13468 dated April 24, 1934 shall remain in full force and ef-

fact, except as modified by this First Supplemental Order.

The foregoing First Supplemental Order is hereby approved and ordered filed as the First Supplemental Order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 5th day of May, 1934.

C. L. SEAVEY
H. W. BRUNDIGE
IRVING MARTIN
J. T. WHITTLESEY
COMMISSIONERS

CERTIFIED AS A TRUE COPY

H. G. Mathewson

Secretary
Railroad Commission
State of California

(S E A L)

San Diego, California,

January 16, 1924.

To: Ed Fletcher, Sole
Surviving Partner
of the Cuyamaca Water
Company, a Co-partnership,
San Diego, California.

Dear Sir:

This will acknowledge receipt of your communication to us under date of January 16, 1924, in which you offer to sell and transfer to the Cuyamaca Water Company, a corporation, the properties which you now own and control, consisting mainly of a water system in San Diego County, California. A detailed description of which said property is attached to your said communication.

The offer set forth in your said communication of January 16, 1924, is hereby accepted, and we will join with you in an application to the Railroad Commission for the consummation of the said sale and purchase, and for the issuance of stock and bonds to provide the capital stock to consummate the purchase price specified in your said offer.

Respectfully submitted,

CUYAMACA WATER COMPANY,
a corporation,

By
President

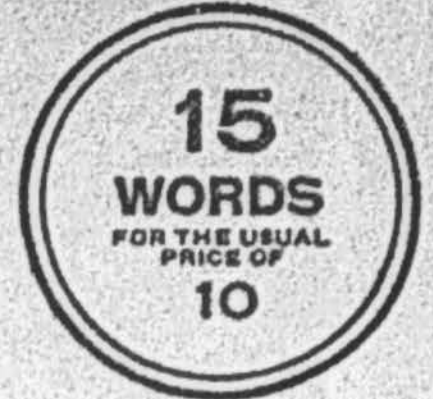
Attest:

Secretary

FEDERAL TELEGRAPH COMPANY

R. P. SCHWERIN, President

RADIOGRAM



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Received at
2600A. 161 First St., Phone 668-17
SAN FRANCISCO CALI 1230PM APL 25 24
COL. ED FLETCH,
920 EIGHT ST SANDIEGO.

DECISION AUTHORIZED TO TRANSFER CUYAMACA SYSTEM AND TO ISSUE FIVE HUNDRED THOUSAND DOLARS BONDS ONE MILLION STOCK.

RAILROAD COMMISSION STATE OF CALIFORNIA.

1245PM.

GIVE THE "FEDERAL" THE ANSWER

CLASS OF SERVICE DESIRED	
Telegram	
Day Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Form 1207 A

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

1924 APR 24, PM 4 42 19

8612 46 BLUE
WF SAN FRANCISCO CALIF 24 355P
To CROUCH & SANDERS

Street and No. (or Telephone Number)

Place ATTORNEYS SPRECKELS BLDG SANDIEGO CALIF

DECISION HAS BEEN RENDERED IN APPLICATION CUYAMACA WATER COMPANY TO SELL WATER SYSTEM AND ISSUE STOCKS AND BONDS THERE IS A FEE DUE THE COMMISSION UNDER PUBLIC UTILITIES ACT OF FIVE HUNDRED DOLLARS PLEASE MAIL CHECK UPON RECEIPT OF WHICH WE WILL FORWARD COPY OF DECISION
RAILROAD COMMISSION OF CALIFORNIA

COPY

SENDER'S ADDRESS FOR ANSWER

SENDER'S TELEPHONE NUMBER

Ed Fletcher

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
ED FLETCHER, sole surviving partner
of the partnership composed of James
A. Murray, now deceased, Ed Fletcher,
and William G. Henshaw, doing business
under the firm name and style of
CUYAMACA WATER COMPANY, for an order
authorizing the sale of a certain water
system in San Diego County, now owned
and operated by said partnership; and
of the CUYAMACA WATER COMPANY, a cor-
poration, to purchase and acquire said
water system, and for an order author-
izing the issue of stocks and bonds of
said corporation.

Application No. 9865.

NOTICE OF HEARING

To -

Ed Fletcher, Fletcher Bldg., San Diego, California
Cuyamaca Water Co., 916 - 8th St., San Diego, Calif.
Crouch & Sanders, Attys., Spreckels Bldg., San Diego, Cal.

YOU AND EACH OF YOU ARE HEREBY NOTIFIED that the
Railroad Commission of the State of California has set a hearing in
the above entitled matter before Examiner Fankhauser on Monday,
April 7, 1924, at 10:00 a.m., in the Court Room of the Commission,
810 Pacific Finance Building, Los Angeles, California, at which time
and place you may appear and be heard.

BY ORDER OF THE RAILROAD COMMISSION.

Dated at San Francisco, California, this 17th
day of March, 1924.

H. G. MATHEWSON,
Secretary, Railroad Commission
of the State of California.

RECEIVED
MAY 1 1924

LM

~~Division~~ _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of ED FLETCHER, sole surviving partner of the partnership composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of GUYAMACA WATER COMPANY, for an order authorizing the sale of a certain water system in San Diego County, now owned and operated by said partnership and of the Cuyamaca Water Company, a corporation, to purchase and acquire said water system; and for an order authorizing the issue of stocks and bonds of said corporation.

COPY

Application Number 9866

BY THE COMMISSION:

ORDER GRANTING RE-HEARING

Application having been made for a re-hearing in the above entitled matter for the purpose of introducing additional evidence, and it appearing that a re-hearing should be granted for such purpose,

IT IS HEREBY ORDERED that a re-hearing in the above entitled matter be, and the same is hereby, granted for the purpose of introducing additional evidence and that such re-hearing be had before Commissioner Martin on the 1st day of May at 2:00 P.M., in the court room of the Commission, #520 State Building, Civic Center, San Francisco, California.

DATED at San Francisco, California, this 29th day of April, 1924.

Certified as a True Copy
J. M. [Signature]
SECRETARY
RAILROAD COMMISSION
STATE OF CALIFORNIA

C. L. SEAVEY
H. W. BRUNDIGE
IRVING MARTIN
COMMISSIONERS

(Sanders)

BEFORE THE RAILROAD COMMISSION
OF THE
STATE OF CALIFORNIA

Irving Martin, Commissioner, presiding.

In the matter of the application of Ed Fletcher, sole surviving partner of the partnership composed of James A. Murray, now deceased, and Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, for an order authorizing the sale of a certain water system in San Diego County now owned and operated by the partnership, and of the Cuyamaca Water Company, a corporation, to purchase and acquire said water system and for an order authorizing the issue of stocks and bonds of said corporation.

Application No. 9865.

(REHEARING.)

APPEARANCES:

Hugh A. Sanders, for the Applicant.

REPORTER'S TRANSCRIPT

San Francisco, Calif., May 1, 1924.

Reported by:

L. B. Davis.

A. T. Pettey, Official Reporter,
Railroad Commission of California,
Flood Building, San Francisco, Calif.

1 San Francisco, Calif., May 1, 1924, 2 o'clock P. M.

2 ---000---

3 COMMISSIONER MARTIN: The Commission will be in order.
4 Application No. 9865, application for rehearing.

5 MR. SANDERS: I appear, Mr. Commissioner; my name is Hugh
6 A. Sanders of counsel of record for the parties and I desire
7 to present what facts and reasons we have in support of our
8 request for a rehearing. We have no evidence, your Honor, as
9 to the financial condition of the Company or its ability to
10 support debt that will change the showing that was made on the
11 original hearing and we ask that any order be made based upon
12 that evidence. The additional grounds are briefly set forth in
13 the petition for rehearing. This whole application is based upon
14 our desire to successfully finance the acquisition by the
15 corporation of the assets of this dissolved partnership; the
16 partnership has been dissolved by operation of law and it is now
17 the legal duty of Colonel Fletcher, as manager of the firm, to
18 dispose of the assets, wind it up; he cannot continue indefinitely
19 to operate it and the corporation therefore must, of necessity,
20 meet what financial demands within reason are made by the owners
21 of the assets of the partnership. Now, we feel that the
22 corporation is acquiring it at a figure that is very reasonable,
23 far below its actual value and the cash consideration is, as,
24 of course, your Honor knows, one which is being derived from
25 bonds, not from stock, and the \$500,000 bond issue will not
26 enable us to raise sufficient cash to complete the purchase and
27 we have a contract with the owners of the interest, that is, the
28 corporation has a contract with the owners of the interest in the
29 partnership which, if we can anticipate, will bring us a very

1 material discount; however, our time for anticipating that pay-
2 ment is getting very close so that if we have to reorganize our
3 financial arrangements and seek capital somewhere else it is
4 very doubtful if we will have time to do it, so we feel that if
5 the Commission could feel that it could, based on the financial
6 ability of this Company to support itself and produce earnings,
7 amend its order so as to authorize the issuance of \$250,000
8 of preferred stock in lieu of the bonds which were refused, and
9 eliminated, that we would have no difficulty whatever in going
10 ahead with our plan to finance the corporation. The argument
11 that we offer in support of that request is that the Company --
12 the earnings of the Company would not be called upon to set aside
13 an annual sinking fund like it would if \$250,000 in bonds was
14 authorized, so that we would not be under that burden at this
15 time, but would be provided with a class of security which
16 would enable us to convert it into cash readily. Now, of
17 course, I realize the danger of making any such suggestion in
18 the alternative but we are in such desperate condition that we
19 wish to make this plea with the Commission: Let us have
20 \$250,000, if you feel that we are in fairness and justice
21 entitled to it, and if not, modify the \$1,000,000 of common
22 stock so that there shall be 250,000 shares of common stock and
23 250,000 shares of preferred stock; that will require us to trim
24 our sales a great deal closer than we want to but we might get
25 by, but we have a definite plan already crystallized whereby the
26 250,000 preferred would go right on and take the place of the --
27 as far as financing is concerned, of the 750,000, but if the
28 consideration of our earning capacity does not make you feel
29 that you can give us that we do ask that you modify the order so

1 that we can have 250,000 preferred and 750,000 common; now, there
2 is nothing at all except those facts to present, your Honor,
3 in support of that, that is the position we are in and that is
4 the reason that we are asking, so that the sales may move with
5 all rapidity possible so that we can finance ourselves and make
6 this anticipated payment, resulting in a very material saving
7 to the Company. with that argument we submit the matter and
8 renew our plea for as early a decision as is possible on that
9 basis.

10 COMMISSIONER MARTIN: It appears -- the evidence appears
11 to be all in and there is nothing to do except give considera-
12 tion to the plea by counsel for applicant. Mr. Fankhauser,
13 any questions that you have?

14 MR. FANKHAUSER: I have one or two questions.

15 COMMISSIONER MARTIN: I think he has answered some of the
16 questions that we are concerned with.

17 MR. FANKHAUSER: You referred to the time running short
18 under a certain agreement; what is the time limit under that
19 agreement to which you have referred?

20 MR. SANDERS: I think it is the 1st of June.

21 MR. FANKHAUSER: First of June. Do your articles of
22 incorporation, the articles of incorporation of the Cuyamaca
23 water Company provide for preferred stock?

24 MR. SANDERS: No sir. I have telegraphed my associate to
25 immediately start the wheels moving to authorize a change of
26 the stock, application for change of stock.

27 MR. FANKHAUSER: This -- it is contemplated that this
28 preferred stock will be sold and distributed to the general
29 public, is that correct?

1 MR. SANDERS: Yes, we expect -- well now, I am a little
2 embarrassed in that, Mr. Fankhauser; both Colonel Fletcher and
3 Mr. Stern, are men of large financial resources outside of this--
4 of their investment in this Company and it may possibly be
5 that they plan to take this up themselves; I know they plan to
6 absorb all they can and if their financial condition is such
7 that they can they will absorb it, if not, they would have
8 to acquire the balance on the outside; I understood that that
9 was our intention with the \$750,000 bond issue, and I suppose
10 that would be the plan under this arrangement.

11 MR. FANKHAUSER: I have nothing further.

12 COMMISSIONER MARTIN: If there is nothing further in
13 connection with the pending application for rehearing the
14 matter will be taken under submission.

15
16 (Whereupon, at the hour of 2:09 o'clock P.M. the matter
17 was submitted and the Commission adjourned.)

18 --- O U O ---
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29

1 BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

2 -----oOo-----

3 In the Matter of the Application)
4 of Ed Fletcher, Sole Surviving)
5 Partner of the Partnership Com-)
6 posed of James A. Murray, now)
7 Deceased, Ed Fletcher, and)
8 William G. Henshaw, doing)
9 Business under the firm name and)
10 style of Cuyamaca Water Company,)
11 for an Order Authorizing the)
12 Sale of a Certain Water System)
13 in San Diego County, now Owned)
14 and Operated by said Partnership;)
15 and of the Cuyamaca Water Com-)
16 pany, a Corporation, to Purchase)
17 and Acquire said Water System;)
18 and for an Order Authorizing the)
19 Issue of Stocks and Bonds of said)
20 Corporation.)

APPLICATION

No. 9865

21 -----oOo-----

22 (Stamp as follows:
23 "FILED Mar 6, 1924,
24 Los Angeles Office
25 RAILROAD COMMISSION")

A P P L I C A T I O N

26 The petition of Ed Fletcher, as surviving partner of
27 the partnership composed of James A. Murray, now deceased, Ed
28 Fletcher, and William G. Henshaw, doing business under the firm
29 name and style of Cuyamaca Water Company, and of the Cuyamaca
30 Water Company, a corporation, respectfully shows:

31 I.

32 That the applicant, Ed Fletcher, as surviving Co-
partner of the partnership hereinbefore mentioned, is engaged
in the business of operating a water system in San Diego County
along the San Diego River in said County, and in the sale and
distribution of water for domestic and agricultural purposes to
municipalities and private consumers of water in San Diego County.

That the applicant, Cuyamaca Water Company, a corpora-
tion, is a corporation duly organized and existing under and by
virtue of the laws of the State of California, having its prin-
cipal place of business in the City of San Diego, County of San
Diego, State of California, and is organized for the purpose of

FEINT & MACKAY
SUITE 747 TITLE INSURANCE BUILDING
FIFTH AND SPRING STREETS, LOS ANGELES, CAL.

1 and authorized to acquire and operate a water system in San Diego
2 County for the sale of water to public consumers.

3 II.

4 That the post office address of each applicant is:

5 Ed Fletcher, as surviving partner of
6 the Cuyamaca Water Company, a partner-
7 ship,

8 Fletcher Building,
9 San Diego, California;

10 and

11 Cuyamaca Water Company, a corporation,
12 916 - 8th Street,
13 San Diego, California.

14 III.

15 That in the year 1885 the San Diego Flume Company was
16 organized and incorporated under the laws of the State of Cali-
17 fornia and acquired and operated a water system in San Diego
18 County along the San Diego river.

19 That on the first day of June, 1910, Ed Fletcher and
20 James A. Murray, Co-partners, then doing business under the firm
21 name and style of Cuyamaca Water Company purchased all of the
22 physical properties of the said San Diego Flume Company, together
23 with all the water rights and personal property of every kind and
24 character pertaining to the waters of the San Diego River.

25 That in the year 1913 William G. Henshaw became a part-
26 ner in said Cuyamaca Water Company.

27 That on the 10th day of May, 1921, the said James A.
28 Murray died testate and by the will of said James A. Murray his
29 interest in said Co-partnership was given, devised and bequeathed
30 to Mary H. Murray, his widow.

31 That on or about the 12th day of September, 1923, the
32 said Ed Fletcher acquired all of the right, title and estate of
the said William G. Henshaw in and to the property and assets of
the said Cuyamaca Water Company.

1 That said Ed Fletcher is the sole surviving partner of
2 the old and dissolved Co-partnership, Cuyamaca Water Company,
3 and that by reason thereof is entitled to the sole and exclusive
4 possession and management of the properties of said dissolved
5 partnership.

6 IV.

7 That the reasons in detail upon the part of each
8 applicant for entering into the proposed sale and the issuance
9 of the said bonds and stock, and the facts warranting the same,
10 and showing that it is for the benefit of the public service,
11 are as follows:

12 (a). On the part of Ed Fletcher, as sole surviving
13 partner of the said dissolved Cuyamaca Water Company, that under
14 the statutes of the State of California the old partnership of
15 Cuyamaca Water Company was dissolved as to all the partners by
16 the death of the partner, James.A. Murray. That thereafter the
17 said William G. Henshaw withdrew from said Co-partnership and
18 transferred, assigned and conveyed unto the said Ed Fletcher
19 as an individual, all of his right, title and interest in and
20 to said dissolved business as a Co-partner.

21 That the power and authority of said Ed Fletcher as
22 sole and surviving partner of said dissolved partnership is
23 restricted and limited by the provisions of the Civil Code of
24 the State of California.

25 That the said Ed Fletcher, as surviving partner, in
26 accordance with the provisions of the Code of Civil Procedure
27 of this State, has a right to continue in possession of said
28 dissolved partnership and to settle its business and is obligated
29 to settle the affairs of said partnership without delay.

30 That the only party other than the said Ed Fletcher,
31 interested in the property of said dissolved partnership is the
32 estate of the deceased partner, James A. Murray; that under the

1 will of the said James A. Murray, deceased, Mary H. Murray, his
2 widow, has acquired all the right, title and interest of the
3 deceased partner.

4 That public interest and necessity demanded the con-
5 tinued and uninterrupted operation of the public utility owned,
6 controlled and operated by the said dissolved co-partnership,
7 and in order to better accomplish this end and object, it is
8 necessary for the benefit of the public service to transfer the
9 estate of said dissolved partnership to the Cuyamaca Water Com-
10 pany, a corporation, and wind up the affairs of the said dissolved
11 partnership as required by law.

12 That the making of the order prayed for herein will
13 enable the lawful winding up and termination of the old Cuyamaca
14 Water Company dissolved by operation of law and agreement of the
15 partners, as aforesaid, and the immediate assumption and con-
16 tinued operation of the said public utility by the Cuyamaca Water
17 Company, a corporation, thereby continuing in a lawful manner
18 the conversation and distribution of water to the municipalities,
19 communities and people served by the said public utility.

20 That the said Ed Fletcher individually was financially
21 unable to successfully assume the burden of continued operation
22 of the said public utility in an efficient and practical manner
23 and that it was necessary for him to transfer and sell the
24 properties of the public utility to an individual or organiza-
25 tion in a position to efficiently finance and continue the
26 operation of the said public utility, and that if the orders
27 prayed for herein be made, that the said Cuyamaca Water Company
28 a corporation, will be able to successfully and efficiently operate
29 the said public utility so as to benefit public service.

30 (b). That the reasons on the part of the applicant,
31 Cuyamaca Water Company, a corporation, for securing the order
32

1 and authorization prayed for herein, are that the said Cuyamaca
2 Water Company, a Co-partnership, has agreed to sell, and the said
3 Cuyamaca Water Company, a corporation, has agreed to purchase and
4 acquire, all the property and assets of every kind and descrip-
5 tion of the said dissolved partnership, and to continue the
6 operation of the same as a public utility for the benefit of
7 the public, and that it is necessary that authority be secured
8 from this Commission for the formal transfer and conveyance of
9 all the property of said dissolved partnership, Cuyamaca Water
10 Company, to your applicant, Cuyamaca Water Company, a corpora-
11 tion, so that it, the said Cuyamaca Water Company, a corporation,
12 may legally have actual physical possession of the property and
13 equipment of the said dissolved partnership, and continue the
14 operation of the water system now owned and operated by the said
15 dissolved partnership as a public utility.

16 That the applicant, Cuyamaca Water Company, a corpora-
17 tion, does not have sufficient funds with which to purchase the
18 said water system now owned and operated by the said dissolved
19 partnership, Cuyamaca Water Company, and that in order to pro-
20 vide the necessary funds to consummate the said purchase, it is
21 necessary that an order be made authorizing the issuance of
22 stock and bonds of said corporation to provide the said funds.

23 That if the orders prayed for herein be granted, the
24 said dissolved Co-partnership, Cuyamaca Water Company, will sell
25 and transfer to the Cuyamaca Water Company, a Corporation, all
26 of its properties, including the said water system, and the said
27 Cuyamaca Water Company, a corporation, will then execute and
28 place ⁱⁿ the Pacific Southwest Trust & Savings Bank of Los
29 Angeles, its trust deed as security for the payment of the
30 principal and interest of the bonds hereinafter specified, which
31 said trust deed will be a first lien upon all the properties
32 constituting the said water system and hereinafter described.

1 That it is for the public benefit and convenience to
2 have the public utility such as the said water system herein
3 described, owned and operated by a corporation such as the
4 Cuyamaca Water Company, a corporation, rather than by the sur-
5 viving partner of a dissolved Co-partnership, under the legal
6 obligation of disposing of the said water system for the pur-
7 pose of winding up the affairs of said partnership, and that
8 the plan outlined in this petition for the transfer of the
9 said public utility from said dissolved partnership to the said
10 corporation is a feasible, practical plan, and one that will
11 benefit the public.

12 V.

13 This application is made under the provisions of the
14 "Public Utilities Act of 1915," and amendments thereto, and
15 particularly under Sections 51 and 52 of said Act.

16 VI.

17 That attached hereto, and by reference thereto incor-
18 porated herein, and made a part hereof, is a certified copy of
19 the Articles of Incorporation of the applicant, Cuyamaca Water
20 Company, a corporation, marked "Exhibit A".

21 VII.

22 That attached hereto, and by reference thereto incor-
23 porated herein, and made a part hereof, is a financial statement
24 prepared as of the first day of January, 1924, being the first
25 day of the month in which this application is filed, and which
26 shows all the information and facts in the order required by
27 Subdivision 6 of Rule III of the Rules of Procedure of the Rail-
28 road Commission of the State of California, which financial
29 statement is marked "Exhibit B".

30 VIII.

31 That attached hereto, and by reference thereto incor-
32

1 porated herein, and made a part hereof, is a general description
2 of the property of the applicant, Cuyamaca Water Company, a part-
3 nership, the field of its operation, including an inventory or
4 appraisal in detail of its property and equipment, together with
5 a statement of the original cost of the same to the said appli-
6 cant, which said general description is marked "Exhibit C".

7 That the Cuyamaca Water Company, a corporation, has no
8 estate or property other than a right to purchase all of the
9 properties of the applicant, Cuyamaca Water Company, a partner-
10 ship, and as shown in said "Exhibit B".

11 IX.

12 That the applicant, Cuyamaca Water Company, a corpora-
13 tion, desires to issue common stock of the par value of One
14 Million Dollars (\$1,000,000.00), and the amount of bonds which
15 the said applicant desires is an authorized issue of bonds for
16 the sum of Two Million, Five Hundred Thousand Dollars (\$2,500,000)
17 of which issue bonds to the value of Seven Hundred and Fifty
18 Thousand Dollars (\$750,000.00) can be issued at this time and
19 sold for cash at their par value; and the remainder for Seventy-
20 five per cent (75%) of the cost of improvements and extensions of
21 the said water system in the future.

22 Said bonds shall bear interest at the rate of Six and
23 one-half per cent ($6\frac{1}{2}\%$) per annum, payable semi-annually, on the
24 2nd days of January and July of each year following their date,
25 and said bonds shall extend over a period of thirty (30) years
26 from the 2nd day of January next succeeding their date, and shall
27 issue in Twenty (20) Series, so that the first of said series
28 shall mature ten (10) years from the 2nd day of January next
29 succeeding their date, and the remainder in annual series until
30 the maturity of said issue.

1 That attached hereto and marked "Exhibit E" is a copy
2 of a contract or agreement for the sale and purchase above
3 referred to, and of the proposed deed of sale from the Cuyamaca
4 Water Company, a partnership, to the Cuyamaca Water Company,
5 a corporation, and of the deed of trust to be executed by the
6 said corporation as security for the said bonds, together with
7 the said bonds. These copies are substantially the form to be
8 followed in the original instruments.

9 XII.

10 Only one detailed description of the property affected
11 by this application has been attached hereto, and wherever a
12 description in detail of such property is required or necessary,
13 reference is hereby made to the said detailed description
14 attached hereto.

15 "WHEREFORE, the said applicants ask that the Honorable
16 Railroad Commission of the State of California make its order
17 authorizing the applicant, Ed Fletcher, as sole surviving partner
18 of the partnership formerly composed of James A. Murray, now de-
19 ceased, Ed Fletcher, and William G. Henshaw, doing business
20 under the firm name and style of Cuyamaca Water Company, to sell
21 and transfer to the Cuyamaca Water Company, a corporation, all of
22 the property enumerated in the detailed description hereto
23 annexed, and to authorize the execution, delivery and acknowledg-
24 ment of the necessary conveyances to transfer title of the said
25 property from the said Co-partnership to the said corporation,
26 and to confirm and authorize the said sale as herein specified,
27 and to further make its order authorizing the issuance by the
28 Cuyamaca Water Company, a corporation of its capital stock of
29 the par value of One Million Dollars (\$1,000,000.00), and of
30 its bonds for the sum of [✓]Seven Hundred and Fifty Thousand
31 Dollars (\$750,000.00), in the manner and form herein specified,
32

1 to provide capital to pay the purchase price for the sale herein
2 prayed for; by reason of the fact that compliance with the laws
3 of the State of California requires the winding up of the affairs
4 of the said dissolved Co-partnership at the earliest possible
5 date; that public necessity and convenience required that the
6 hearing of this application be had at the earliest possible date
7 convenient with the business of this Commission; and that your
8 applicants will forever pray. .

9 Dated at San Diego, California, this 18th day of
10 January, 1924. //

11
12 Ed Fletcher

13 as Sole Surviving Partner of the
14 Partnership formerly composed of
15 James A. Murray, now deceased, Ed
16 Fletcher, and William G. Henshaw,
17 doing business under the firm name
18 and style of Cuyamaca Water Com-
19 pany.

20 CUYAMACA WATER COMPANY,
21 a Corporation,

22 By ED FLETCHER
23 President

24 Attest:

25 M. E. FLETCHER
26 Secretary

27 Crouch & Sanders
28 Attorneys at Law,
29 Spreckels Building,
30 San Diego, California.

31 Attorneys for Applicants.
32 -----

33 State of California,)
34) ss.
35 County of San Diego.)

36 ED FLETCHER, being first duly sworn, deposes and
37 says:

38 That he is one of the applicants in the above entitled

1 proceedings, and he is the applicant as sole surviving partner
2 of the said Cuyamaca Water Company, a Co-partnership, and is
3 also President, Director and Manager of the Cuyamaca Water
4 Company, a corporation, and alleges: That he has read the
5 foregoing application and knows the contents thereof, and that
6 the same are true of his own knowledge, except as to those
7 matters which are therein stated on information and belief,
8 and as to those matters he believes them to be true.

9 Ed Fletcher

10
11 Subscribed and sworn to before me this 18th day of
12 January, 1924.

13 Lou B. Mathews

14 Notary Public in and for the
15 County of San Diego, State of
16 California.

EXHIBIT "A"
ARTICLES OF INCORPORATION
OF THE
CUYAMACA WATER COMPANY

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, a majority of whom are citizens and residents of the State of California, have this day voluntarily associated ourselves together for the purpose of forming a corporation under and by virtue of the laws of the State of California, and we hereby certify:

FIRST: That the name of said corporation is and shall be CUYAMACA WATER COMPANY.

SECOND: That the purposes for which said corporation is formed are:

To appropriate, divert, purchase and otherwise acquire water, water rights and franchises, and to conserve and store, hold, convey, distribute, sell, supply and furnish water for all uses and purposes in the State of California, and particularly in the County of San Diego, in said State, be the same for irrigation, domestic use, mechanical purposes or otherwise; and to acquire, construct and maintain, operate and use in any or all parts of the State of California, and particularly in the County of San Diego, in said State, canals, flumes, pipes, pipe lines, conduits, dams, dam sites, reservoirs, pumping plants and all other machinery, works, property, plants and appliances necessary or convenient for the conservation, storage, collection, use, transportation, distribution or disposition of water; to apply for, receive, hold, acquire, use, exercise, sell, lease, mortgage and otherwise dispose of rights, privileges and franchises in connection with the, or any or all of the, purposes for which this corporation is formed; to purchase, acquire, construct, lease, sell, mortgage, convey or otherwise dispose of buildings and structures of every nature; to borrow money and execute, issue, sell, pledge, and dispose of its promissory

notes, bonds and debentures, and to secure the payment thereof and of money borrowed by it by mortgages, trust deeds and pledges of any and all of the real and personal property of this corporation and to execute mortgages and deeds of trust of its property; to subscribe, for, purchase, acquire, hold, own, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock of other corporations, and any and all evidence of debt or securities given, executed or issued by other corporations; to purchase, acquire, construct, hire or otherwise obtain, and to deal in, maintain, use and operate in any and all parts of the State of California, electric lighting and power plants and systems, and to acquire, produce, generate, sell and furnish electricity and electric current for power, lighting, heating or other purposes and all appliances therefor, and acquire, construct, own and maintain and operate plants and systems for the production, generation, storage, sale and distribution of electricity and electric current; to take over, acquire, conduct, manage and carry on the business or businesses, stock, assets and properties of any corporations or persons engaged in, pursuing or carrying on any one or more of the kinds of business, purposes, objects or operations herein specified, or any kindred business, purposes, object or operation as the directors may consider for the best interest and benefit of this corporation; to purchase or otherwise acquire the good will, rights, property and assets of any person, firm, association or corporation, and to pay, give or exchange therefor, cash or the stock, bonds or other securities of this corporation, or other good or valuable consideration; to purchase, acquire, own, take, hold, improve, sell, lease, mortgage, encumber, convey and otherwise to deal in and dispose of real property and any and all estate and interest therein; to purchase, acquire, own, take, hire, hold, lease and sell, mortgage, pledge, deal in and dispose of personal property, chattels, goods, wares, merchandise of every kind, chattels real and choses in action; to loan money and generally carry on, engage in and transact any and all lawful businesses whatever, whether manufacturing, mercantile or commercial, which

are necessary or convenient to be engaged in or carried on in connection with the aforesaid business of this corporation or either or any thereof, and to do all and every^{thing}/necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated or incidental to the powers herein named, or which shall, at any time, appear conducive or expedient for the protection or benefit of this corporation either as holders of or interested in any property or otherwise.

THIRD: That the place where the principal business of said corporation is to be transacted is the City of San Diego, County of San Diego, State of California.

FOURTH: That the term for which said corporation is to exist is fifty years from and after the date of its incorporation.

FIFTH: That the number of the directors of said corporation shall be three and that the names and residences of the directors or trustees who are appointed for the first year and to serve until the election and qualification of their successors, are as follows, to-wit:

Names	Residence.
James A. Murray	Monterey, California.
Ed Fletcher	San Diego, California.
A. H. Sweet	San Diego, California.

SIXTH: That the amount of the capital stock of said corporation is One Million Dollars, and the number of shares into which it is divided is ten thousand of the par value of One Hundred Dollars each.

SEVENTH: That the amount of said capital stock which has been actually subscribed is Six Hundred Thousand One Hundred Dollars (\$600,100.) and the following are the names of the persons by whom the same has been subscribed, and amount subscribed by each:

Names	No. of Shares	Amount.
James A. Murray	5000	\$500,000.00
Ed Fletcher	1000	\$100,000.00
A. H. Sweet	1	\$ 100.00

IN WITNESS WHEREOF we have hereunto set our hands and seals
this 11th day of August, A. D. 1913.

A. H. SWEET (SEAL)
ED FLETCHER (SEAL)
JAMES A. MURRAY (SEAL)

State of California,)
) SS.
 County of San Diego,)

On this 11th day of August A. D. 1913, before me _____
LOU B. MATHEWS a Notary Public in and for the said County
 and State, residing therein, duly commissioned and sworn, personally
 appeared Ed Fletcher and A. H. Sweet, known to me to be the persons
 whose names are subscribed to the foregoing instrument and they
 acknowledged to me that they executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed
 my official seal at my office in the City of San Diego, County
 of San Diego, State of California, the day and year in this certifi-
 cate first above written.

LOU B. MATHEWS
 Notary Public in and for the
 County of San Diego, State of
 California

(SEAL)

STATE OF MONTANA)
) SS.
County of Silver Bow)

On this 7th day of August A. D. 1913, before me E. L. CHAPMAN a Notary Public in and for the said county and state, residing therein, duly commissioned and sworn, personally appeared James A. Murray, known to me to be the person whose name is subscribed to the foregoing instrument and he acknowledged to me that they executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal at my office in the County of Silver Bow State of Montana the day and year in this certificate first above written.

E. L. CHAPMAN

Notary Public in and for the
County of _____ State of
_____.

Notary Public for the State of
Montana, residing at Butte,
Commissioned for a term expiring
April 13, 1914.

(S E A L)

STATE OF CALIFORNIA)
 : SS
COUNTY OF SAN DIEGO)

I, J. B. McLEES, County Clerk of the County of San Diego, State of California, and ex-officio Clerk of the Superior Court of said County, hereby certify that I have compared the foregoing copy with the original Articles of Incorporation of CUYAMACA WATER COMPANY now on file in my office; that the same contains a full, true and correct transcript therefrom and of the whole thereof.

WITNESS my hand and the seal of the Superior Court
this 16th day of January, A. D. 1924.

J. B. McLEES, County Clerk.

(SEAL)

By Caroline Bulkley Deputy

EXHIBIT - B

FINANCIAL STATEMENT
CUYAMACA WATER COMPANY
a Corporation

December 31, 1923.

- (A) 10,000 shares common stock @ \$100. per share, par.
- (B) 3 " " " " \$300.
- (C) None
- (D) None
- (E) None
- (F) None
- (G) None
- (H) None
- (I) None

(This exhibit was copied from a dim carbon copy and not compared)

EXHIBIT "C"

DESCRIPTION OF CUYAMACA SYSTEM

HISTORICAL

The properties of the Cuyamaca Water Company were acquired from the San Diego Flume Company which was organized in 1886, the promoters in 1885 having filed water appropriations on the San Diego River at various points and on all its tributary branches. This Company was incorporated in 1886 and construction work was started immediately, the major portion of the works being completed in 1888 after overcoming many financial and physical difficulties. Construction on a lesser scale was carried on for a number of years thereafter, the total cost of this work up to February 14, 1891, as given by L.F. Doolittle, the then Secretary of the San Diego Flume Company, in a sworn statement, was \$1,357,526.71. This did not include the cost of construction of the Eucalyptus Reservoir or of the La Mesa Dam. Including these two items and additional distribution facilities which were installed from time to time it is probable that the actual cost of the system up to the time of its acquisition by the present owners was in excess of \$1,500,000.

Immediately after the incorporation in 1886 the San Diego Flume Company appropriated 2000 miner's inches of water near the head of Boulder Creek at or about the present site of Cuyamaca Dam. Also 4000 miner's inches of water on the South Fork of the San Diego River at a point about one mile above its junction with the main river. Also 6000 miner's inches of water about 1000 feet below the junction of Boulder Creek with the San Diego River at about the point where the present Diverting

Dam is located. All the waters of Chocolate Creek up to the extent of 100 miner's inches and various other filings, in addition to which they acquired riparian and diversion rights on a large portion of the river frontage from Diverting Dam to the sea.

The Flume Company constructed Cuyamaca Reservoir a diversion dam just below the junction of the Boulder Creek with the San Diego River, approximately 36 miles of wooden flume 5'10" wide and one foot deep which was so designed that its ultimate capacity was to have been 100 second feet. They also constructed the La Mesa Dam, and earth-fill dam now submerged by the concrete Murray Dam, and a number of miles of transmission mains.

On June 1st, 1910, the property, including all rights of every character, was transferred to Ed Fletcher, and James A. Murray, now deceased, who immediately inaugurated a program of extensions and betterments, and on this date filed on all the waters of the San Diego River, both surface and subterranean to the extent of 100,000 miner's inches.

In 1913 William G. Henshaw purchased an interest in the property. Mr. Henshaw has since retired from ownership and the property, consisting of the following, is now controlled by Ed Fletcher and associates.

1. GUYAMACA RESERVOIR.

This property consists of 1074 acres of land, an earth-fill dam 37.5 feet high, 665 feet in length, containing 31,729 cu.yds. of material and floods an area of 930 acres, surrounded by approximately 10 miles of five wire fence. The reservoir

capacity is 11,595 acre feet under normal conditions. Flash boards have been provided for the spillway which increases its capacity approximately 2000 acre feet. The outlet elevation is 4600 feet, the draft being measured by weir at this point. The drainage area tributary to this reservoir is 12 square miles which is somewhat increased by the Kelly Ditch one and a half miles long which diverts a portion of the drainage from North Peak into the reservoir. This ditch required the excavation of approximately 12,000 cu.yds. of material. It should be noted that the rainfall at Cuyamaca is, with one exception, the highest of any point in San Diego County.

This reservoir is located on the headwaters of Boulder Creek, the channel of which carries the water from Cuyamaca to the San Diego River a quarter of a mile above the Diverting Dam, a distance of approximately $12\frac{1}{2}$ miles, the water from Cuyamaca dropping, in this distance, 3800 feet. Approximately seven miles below Cuyamaca dam extensive preliminary work has been done with the object of installing a hydro-electric plant, the necessary permits for which have been granted by the State and Federal authorities. Just prior to its junction with the San Diego River the draft from Cuyamaca, as well as the natural flow of Boulder Creek, is measured by weir.

A substantial keeper's house, barns, garage, water supply system and all necessary appurtenances are located at this point.

2. DIVERTING DAM

This is a rubble masonry structure 440 feet long approximately 35 ft. in height, containing 5000 cu.yds. of material and is located about a quarter of a mile below the junction of Boulder Creek and the San Diego River at an elevation of 803 ft. and is within the boundaries of the Capitan Indian reservation. At this point is a good substantial keeper's house, barns, store houses, etc.

3. MAIN FLUME.

This flume is 5' 10" wide and for the first six miles is 30 inches deep, the depth for the remaining distance being 20 inches. It has a grade of 4-3/4 feet per mile and a capacity of 31 sec. ft. About two miles below Diverting Dam, Sand Creek is crossed by means of a concrete conduit 1080 feet in length and a 40" concrete syphon 1230 feet in length, erected in 1913. At a point about seven miles below Diverting Dam the flume crosses the South Fork of the San Diego River by means of a 26" steel syphon erected in 1911 and a 24" steel syphon erected in 1916. On the south side of the South Fork is located the flume walker's cottage, etc. At this point is the junction of the diversion works carrying South Fork waters into the main flume and consisting of the following:

4. SOUTH FORK FEEDER.

This consists of 2350 feet of 20" riveted steel pipe line laid in 1915 and a parallel wooden flume 2' x 3' 2350 ft. long, built in 1916, ending in a concrete forebay from which point a #60 steel flume 2500 ft. in length runs to a concrete diversion dam which diverts the flood water from the South Fork drainage area to the main flume. This drainage area is 44 sq. miles in extent.

Approximately one mile below South Fork the water crosses the Chocolate Creek in a 30" steel syphon 2680 feet in length. This syphon is under a maximum head of 200 feet. At the outlet end of Chocolate syphon is located the Chocolate section house, garages, store houses, etc. Approximately nine miles below Chocolate section house or about eighteen miles below Diverting Dam is located the El Monte pumping plant pumping from the El Monte basin.

5. EL MONTE PUMPING PLANT.

This is an extensive deposit of gravel covering approximately 1400 acres and in excess of 125 feet in depth. The safe yield of these gravels has been computed at 4 million gallons daily. Extensive pumping was done at this site during the big drought of 1899 to 1904. The old steam plant in use at this time was scrapped and an electrically driven centrifugal plant installed in 1914 and 1915. Additions were made to this

plant in 1919 and it now consists of seven wells from 84 to 95 ft. in depth, several hundred feet of suction lines, an 8" multiple stage centrifugal pump driven by a 200 h.p. motor, and discharges thru approximately a thousand feet of 20" steel pipe to a forebay thence thru a gravity line approximately 700 feet long to connect with the main flume. This plant is equipped with all necessary appurtenances and has a capacity of 3 million gallons daily against a total head of 320 feet.

A pproximately $2\frac{1}{2}$ miles below the El Monte pumping plant is the flume foreman's house, barns store sheds, etc. as well as the flume walker's cottage.

Approximately 5 miles below the El Monte plant the flume enters the northeastern corner of the El Cajon Valley proper thru a tunner approximately 1900 ft. in length and runs south along the eastern edge of the valley approximately six miles where it turns to the west and crosses the Sweetwater Pass thru a 39" concrete syphon 1250 ft. in length, built in 1919. About one mile below this point is located the El Cajon section house, store sheds, etc.

Three miles below the El Cajon section house the flume leaves the El Cajon Valley thru Eucalyptus Pass near Grossmont. Here is located the Grossmont pumping plant consisting of a 30 h.p. motor, 2 triplex pumps pumping against a total head of 400 feet, 4 concrete distribution reservoirs with capacity of 50,000 gallons each, and an extensive distribution system.

A thousand feet below this point is a 36" reinforced concrete pipe line 1950 feet in length carrying water to Grossmont reservoir formerly known as Murray Hill reservoir.

This is a distribution reservoir 570 feet in length, 35 feet high, containing 26,603 cu.yds. of earth, flooding 12 acres, and containing 127 Acres feet of water.

4000 ft. below this point is the Eucalyptus reservoir at the end of the flume.

6. EUCALYPTUS RESERVOIR.

This is a receiving or balancing reservoir and sets as a distribution reservoir for the high service area. It is of earth fill construction, 34 ft. in height and 275 feet in length. The elevation when full being 644 feet and the elevation of the outlet 620 feet. This reservoir covers three acres and has a capacity of 26 acre feet. The outlet elevation of this reservoir is the same as that of the Grossmont Reservoir previously mentioned and the outlets are connected by 5322 feet of reinforced concrete pipe of which 726 feet is thru a tunnel. At this site is located the Superintendent's house, pipe foreman's house, store house, blacksmith shop, garages, etc.

7. LA MESA DITCH

La Mesa Ditch joins the main flume a few hundred feet above Eucalyptus Reservoir and carries flood water to the Murray dam. The total length is 3.68 miles of which 1237 feet is 36" redwood syphon. This ditch has a capacity of 31 second feet.

8. MURRAY RESERVOIR

The Murray Reservoir is a receiving basin at the end of the La Mesa Ditch and acts as a distribution reservoir for the low service area. The total height of the dam is 117 feet and stores water to a depth of 100 feet. The elevation of the outlet is 440 feet. The area flooded is 200 acres and the

capacity is 6085 acre feet or two billion gallons. The area of the watershed immediately tributary is 4.5 square miles. This reservoir is a multiple arch concrete structure and was erected in 1918 and completely submerges the old La Mesa Dam, an earthfill structure 55 feet in height. At this dam is located club house and grounds, keeper's house, garage, store house, chlorination plant, etc.

9. TRANSMISSION AND DISTRIBUTION MAIN - Length 56.58 miles.

From the Eucalyptus reservoir the water is transported into the high service area thru a 16" riveted steel pipe laid in 1914 and 1915. This line runs southwesterly a distance of approximately one mile to El Cajon Avenue which it follows to the easterly edge of the low service area approximately $3\frac{1}{2}$ miles. At this point it is connected with a 24" redwood stave pipe 5000 ft. in length running due south from the Murray dam. From this connection the transmission line runs westerly on Cajon Avenue approximately three miles to a point about one and a half miles east of the westerly City limits of San Diego. Many distribution lines branch from these main transmission lines at various points as shown approximately on the attached map of the system. The sizes, lengths and kind of each pipe is shown in tabulation headed "Pipe Lines" and included in this report. In order to make available for the high service area in time of emergency waters stored in the Murray reservoir a pumping plant is located at the junction with the 24" wood line from Murray dam with the steel line from Eucalyptus. This plant consists of an 8" multiple stage centrifugal pump direct connected to 150 h.p. motor with all necessary appurtenances

The following is a brief inventory of the holdings of the Cuyamaca Water Company:

BRIEF INVENTORY.

Collection System.

Cuyamaca Dam
Kelly Ditch
Keeper's house
Barns
Garage
10 miles fence
Weir

Fletcher Damsite.

Preliminary work, surveys, maps, etc. Collected at cost of
\$25,000.

Diverting Dam.

Keeper's house
Store houses etc.
Floodage rights
Weir at mouth of Boulder Creek

South Fork.

Diversion Dam
Rights to build Conejos Dam
2500' #60 steel flume
2360' 2' x 3' wood flume
2350' 20" steel pipe
Forebays etc.

Capital Damsite

Extensive exploratory work, maps, surveys, etc. at cost of
approximately \$100,000.

Monte Pump Plant.

1 - 8" multiple stage centrifugal pump

1 - 200 h.p. motor

Priming pump

400' 12" standard screw pipe

750' 20" riveted steel "

1000' 16" " " "

Pump house

Operator's house

Transmission

Main Flume

5' 10" wide by 20" deep, 159,100' long of which approximately
30,000' is on trestles.

2500' #108 steel flume

Sand Creek Conduit 1080'

Sand Creek Syphon 42" concrete 1280' long

Square concrete conduit 427' "

Circular " " 207' "

Tunnels " lined 4183' "

Tunnel approaches, concrete 553' "

26" South Fork Syphon, steel 1435' "

24" " " " 1435' "

30" Chocolate Syphon, steel 2680' "

39" Sweetwater " concrete 1250' "

La Mesa Ditch

3.68 miles including Alvarado syphon, 36" wood, length 1237'

Murray supply line.

Reinforced concrete pipe 36" 1950' long.

Buildings on Transmission System

Cottage and sheds at South Fork
Store house, garage, etc. at Chocolate
Cottage at Chocolate
Flume foreman's house at Los Caches
Barns, store houses, flume walker's house at Los Coches,
Flume walker's house and sheds at El Cajon.

Distribution

Five Grossmont Reservoirs
Grossmont pumping Plant
50,000 gallon tank at El Nido
Miles Reservoir No. 1
" " No. 2
Eucalyptus Reservoir
Murray Dam
La Mesa Pump station
Normal Heights shops
La Mesa Heights "
Miscellaneous equipment, telephone system, automobiles, tools,
etc. valued at approximately \$30,000, with materials and
supplies on hand valued at approximately \$30,000.
1800 meters and services ranging from 5/8 x 3/4 to 16"
56.58 miles of pipe as listed in detail on pages 15 and 16.

Lands and Rights of Way.

Cuyamaca Reservoir		1074 Acres - 930 Acres floode
Capitan damsite	Approx.	160 " which we contrl
Fletcher damsite	"	300 " " " "
Mission Gorge damsite	"	317 " " " "
Kelly Ditch		50 "
Diverting Dam (easement)		8 "
El Monte Pumping Plant; Valley Hillside		7.06 " .79 "
Main Flume rts. of way to Tunnel #6		136.29 "
Main Flume rts. of way Tunnel #6 to Eucalyptus		91.50 "
Murray 36" Supply Line		.47 "
La Mesa Ditch Line		22.25 "
Grossmont Resvrs. 1,2,3 and 4		.41 "
Grossmont (formerly Murray Hill)		15.7 "
Murray Eucalyptus Syphon (rt.of way)		1.19 "
Eucalyptus Reservoir		4.71 "
Eucalyptus Lands (condemned)		2. "
Murray Reservoir; Owned Floodage rt.		119.71 " 120. "
La Mesa Pipe Line		2.05 "
Normal Heights shop		.273 "
Rt. of way across all La Mesa Colony lands		

Lands and Rights of Way (Cont'd)

Conejos Reservoir Rights

All franchises from County,
Municipalities, etc.

Permit issued by Federal and State authorities for canal
and power development on Boulder Creek

Permit granted by Federal authorities to pump from the
gravels of the Capitan Indian reservation, granted
in 1913.

Water appropriations as follows:

6000	miner's	inches	at	Diverting	Dam.
4000	"	"	"	South	Fork
2000	"	"	"	near	head of Boulder Creek
100000	"	"	"	Diverting	Dam
500	"	"	"	Capitan	

44225 acre feet at Mission Gorge No. 3

Certificate of due diligence issued by the State of California
covering above filings.

It should be noted that the important original filings
of the San Diego Flume Company made in 1886 were on the South
Fork and at the Diverting Dam.

In addition to the various riparian rights and agreements
transferred to Ed Fletcher and James A. Murray by the San Diego
Flume Company, additional rights have been acquired until at this
time the Cuyamaca Water Company owns or control, or have obtained
the rights of diversion of a total riparian frontage of 210,000
feet out of a total of 406,000 feet from Diverting Dam to the
ocean.

The following diversions have been made by the Cuyamaca
Water Company and its predecessors:

Season	Ac. Ft.	Season	Ac. Ft.
1899-00	2600	1911-12	4127
1900-01	4741	1912-13	7306
1901-02	3620	1913-14	5263
1902-03	4868	1914-15	12066
1903-04	2266	1915-16	7402
1904-05	5180	1916-17	4023
1905-06	6731	1917-18	4498
1906-07	5997	1918-19	4303
1907-08	6895	1919-20	6196
1908-09	5817	1920-21	3625
1909-10	6371	1921-22	11265
1910-11	5393	1922-23	5502

The above diversions were of flood waters only and do not include stored waters in the Cuyamaca Dam.

By the construction of Fletcher dam at a cost of \$400,000 and the Capitan dam at a cost of \$1,500,000, and the Mission Gorge Dam No. 3 at a cost of \$1,000,000, and construction of South Fork or Conejos Dam at a cost of \$150,000, the normal yield of the system would be in excess of 25 million gallons daily not including yield of El Capitan.

PIPE LINES

<u>Kind</u>	<u>Size</u>	<u>Length in Feet</u>
Standard Screw	3/4"	1453
" "	1"	8080
" "	1 1/4"	1315
" "	1 1/2"	6366
" "	2"	82259
" "	2 1/2"	17221
" "	3"	28159
" "	3 1/2"	1145
" "	4"	3737
" "	6"	299
" "	8"	1400
" "	10"	162
" "	12"	820
O. D. Casing	3"	2050
" "	4"	13515
" "	6"	4318
" "	7"	115
" "	8"	3812
" "	10"	1525
" "	11"	339
" "	12"	4779
Cast Iron	2"	4295
" "	3"	9857
" "	4"	4910
" "	6"	7267

PIPE LINES (Cont'd)

<u>Kind</u>	<u>Size</u>	<u>Length in Feet</u>
Cast Iron	10"	15
" "	12"	1650
" "	16"	3080
Riveted Steel	4"	2555
" "	6"	1827
" "	8"	4820
" "	12"	2282
" "	14"	6427
" "	16"	20365
" "	18"	30
" "	20"	6867
Standard with Cement Jacket	3 $\frac{1}{2}$ "	986
Concrete Riveted Steel	15"	850
" " "	20"	3990
Math. Joint	6"	4651
" "	6"	4685
" "	12"	3238
Concrete	16"	400
"	18"	6350
"	24"	5320
"	36"	1965
Wood Stave	24"	5960
" "	36"	1237
		<hr/>
		298746 or
		56.58 miles.

Not included in the above is 1600 feet of 6% cast iron pipe, 2900 ft. of 12" cast iron and 1800 ft. of 20" cast iron pipe now being delivered, the value of which has been included in the values as given for materials and supplies on hand.

In addition to the above inventory all maps, engineering studies, office records, and statistical data, miscellaneous office furniture, etc. is included.

Owing to the fact that neither the statistical records nor Company's books have been closed for the year 1923, the figures quoted herein are necessarily only very close approximations and are therefore subject to correction.

Submitted January 10th, 1924.

THE ORIGINAL EXHIBIT "C" CONTAINS
A MAP WHICH IS OMITTED FROM
THIS COPY.

"EXHIBIT E"

San Diego, California,

January 16, 1924.

Cuyamaca Water Company,

A Corporation,

San Diego, Calif.

Gentlemen:

The undersigned, as sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher, and William G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, hereby offers to sell and transfer to you - Cuyamaca Water Company, a corporation - all of its property of every kind, consisting mainly of a water system in San Diego County, California. A detailed description of said property is attached hereto and made a part of this offer.

The purchase price for said property to be bonds of your corporation of the par value of Seven Hundred and Fifty Thousand Dollars (\$750,000.00), secured by a trust deed and a first lien upon said property, together with One Million Dollars par value of the capital stock of your corporation, and you may have the option of either making payment in said bonds or stocks, or in selling said bonds and stock, and paying the amount realized from such sale as such purchase price.

All of the said property is now owned by Ed Fletcher and the estate of James A. Murray, deceased, of which Mary H. Murray, widow of said James A. Murray, is the sole heir, and proper conveyances will be executed by the said parties to convey the said property to you, free and clear of all incumbrances.

This offer is made conditional upon your acceptance

within five (5) days thereof, and joining with the undersigned in an application to the Railroad Commission for the confirmation of the sale and the issuance of said stock and bonds within thirty (30) days from the date hereof.

Respectfully submitted,

CUYAMACA WATER COMPANY, a partnership.

By ED FLETCHER
Manager and Sole Surviving
Partner.

"Exhibit E"

San Diego, California,

January 16, 1924.

To: Ed Fletcher, Sole
Surviving Partner
of the Cuyamaca Water
Company, a Co-partnership,

San Diego, California.

Dear Sir:

This will acknowledge receipt of your communication to us under date of January 16, 1924, in which you offer to sell and transfer to the Cuyamaca Water Company, a corporation, the properties which you now own and control, consisting mainly of a water system in San Diego County, California. A detailed description of which said property is attached to your said communication.

The offer set forth in your said communication of January 16, 1924, is hereby accepted, and we will join with you in an application to the Railroad Commission for the consummation of the said sale and purchase, and for the issuance of stock and bonds to provide the capital stock to consummate the purchase price specified in your said offer.

Respectfully submitted,

CUYAMACA WATER COMPANY,
a corporation,

By ED FLETCHER

Attest:

M. E. FLETCHER
Secretary

"Exhibit E"

GRANT DEED

ED FLETCHER, as sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher, and William G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, MARY C. B. FLETCHER, wife of said Ed Fletcher, and MARY H. MURRAY, widow of James A. Murray, deceased, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, do hereby grant to the CUYAMACA WATER COMPANY, a corporation, all that real property situated in the County of San Diego, State of California, particularly bounded and described as follows:

(Here follows detailed description of
property similar to that attached to
this application)

TO HAVE AND TO HOLD the above granted and described premises unto the said Grantee, its heirs and assigns.

WITNESS our hands and seals this ____ day of ____ 1924.

(To be executed and acknowledged)

"Exhibit E"

DEED OF SALE

ED FLETCHER, as sole surviving partner of the partnership formerly composed of James A. Murray, now deceased, Ed Fletcher, and William G. Henshaw, doing business under the firm name and style of Cuyamaca Water Company, MARY C. B. FLETCHER, wife of said Ed Fletcher, and MARY H. MURRAY, widow of James A. Murray, deceased, for and in consideration of Ten Dollars (\$10.00), and other good and valuable consideration, receipt whereof is hereby acknowledged, do by these presents grant, bargain, sell, and convey unto the CUYAMACA WATER COMPANY, a corporation, its successors and assigns, certain personal property described as follows, to-wit:

(Here follows description of personal property included in detailed description of property hereto annexed).

TO HAVE AND TO HOLD the same unto the said Cuyamaca Water Company, a corporation, its successors and assigns forever.

IN WITNESS WHEREOF, we have hereunto set our hands this ___ day of _____, 1924.

(To be executed and acknowledged)

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

COPY

In the Matter of the Application of ED FLETCHER, sole surviving partner of the partnership composed of James A. Murray, now deceased, Ed Fletcher and Wm. G. Henshaw, doing business under the firm name and style of CUYAMACA WATER COMPANY, for an order authorizing the sale of a certain water system in San Diego County, now owned and operated by said partnership, and of the Cuyamaca Water Company, a corporation, to purchase and acquire said water system; and for an order authorizing the issue of stocks and bonds of said corporation.

Application
No. 9865.

BY THE COMMISSION:

ORDER EXTENDING TIME

Good cause appearing,

IT IS HEREBY ORDERED that the time within which Cuyamaca Water Company may issue, sell and deliver the stock and bonds authorized by Decision No. 13468, dated April 24, 1924, as amended, be and it is hereby extended to and including March 31, 1926.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 13468, dated April 24, 1924, as amended, shall remain in full force and effect except as modified by this Order Extending Time.

Dated at San Francisco, California, this 31st day of December, 1925.

W. W. BRUNDIGE
C. L. SEAVEY

EZRA W. DECOTO
LEON J. WHITSELL
COMMISSIONERS

Certified as a True Copy
[Signature]
SECRETARY
RAILROAD COMMISSION
STATE OF CALIFORNIA

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
ED FLETCHER, sole surviving partner)
of the partnership composed of James)
A. Murray, now deceased, Ed Fletcher)
and Wm. G. Henshaw, doing business)
under the firm name and style of)
CUYAMACA WATER COMPANY, for an order)
authorizing the sale of a certain)
water system in San Diego County, now)
owned and operated by said partnership)
and of the Cuyamaca Water Company, a)
corporation, to purchase and acquire)
said water system; and for an order)
authorizing the issue of stocks and)
bonds of said corporation.)

Application Number 9865

COPY

BY THE COMMISSION :

ORDER EXTENDING TIME

Good Cause Appearing ;

IT IS HEREBY ORDERED that the time within which Cuyamaca Water Company may issue, sell and deliver the stock and bonds authorized by Decision Number 13468, dated April 24, 1924, as amended by Decision Number 13524, dated May 5, 1924, be, and it is hereby extended to and including February 18, 1925.

IT IS HEREBY FURTHER ORDERED that the Order in Decision Number 13468, dated April 24, 1924, as amended by Decision Number 13524, dated May 5, 1924, shall remain in full force and effect except as modified this Order Extending Time.

DATED at San Francisco, California, this 13th day of November, 1924.

C. L. SEAVEY

IRVING MARTIN

EGERTON SHORE
COMMISSIONERS



cc. Stern
Flint
La Mesa Scout

COPY

Decision No. 16692

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

-000-

In the Matter of the Application of)
 THE CITY OF SAN DIEGO for the Rail-)
 road Commission to fix the compensa-) Application No. 10,610
 tion to be paid for certain property)
 belonging to the Cuyamaca Water)
 Company, Ed Fletcher and C. F. Stern.

BY THE COMMISSION:

ORDER OF DISMISSAL

It appearing that the lands, properties, and rights of the Cuyamaca Water Company, a public utility, described and listed in the application herein, and as to which the Railroad Commission was, in said application, asked to fix a value for the purposes therein mentioned, have been sold and transferred by said Cuyamaca Water Company to the La Mesa, Lemon Grove and Spring Valley Irrigation District pursuant to the authority contained in our Decision No. 15050, in Application No. 10,619; and

It further appearing that inasmuch as said lands, properties, and rights no longer pertain to or are the properties of said Cuyamaca Water Company; and

It therefore appearing that this Commission now possesses no jurisdiction under Section 47 (b) of the Public Utilities Act to fix the valuation requested in the petition

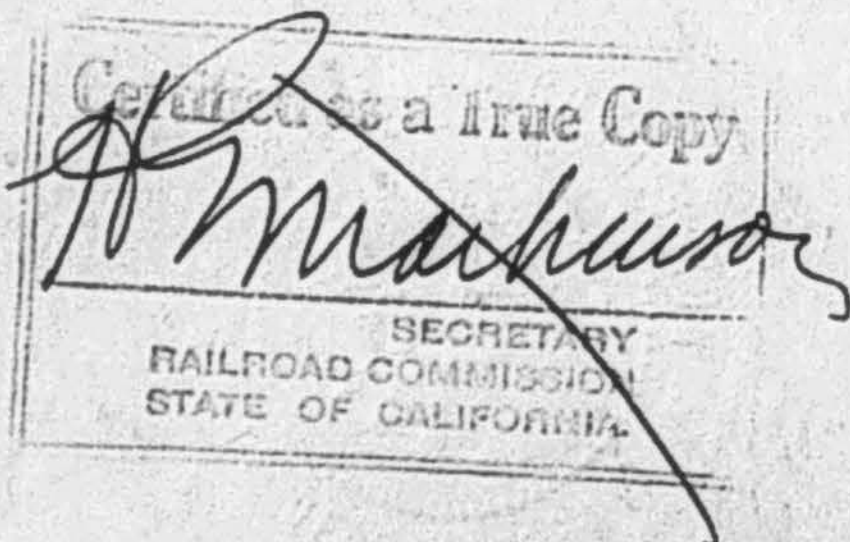
herein,

NOW THEREFORE, IT IS HEREBY ORDERED
that the said petition filed herein on the 14th day of
November, 1924, be and the same is hereby dismissed, with-
out prejudice, for want of jurisdiction.

Dated at San Francisco, California, this 10th
day of May, 1926.

H. W. BRUNDIGE
C. L. SEAVEY

LEON J. WHITSELL
COMMISSIONERS



BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

---oOo---

In the matter of the application of
JAMES A. MURRAY and ED FLETCHER for
order authorizing them to sell and of
CUYAMACA WATER COMPANY for order au-
thorizing it to buy a certain water
system in San Diego County, and of
said company to issue stocks and
bonds in payment therefor. :
: Application No. 1130.
:

NOTICE OF ADJOURNED HEARING.

TO:

James A. Murray,
Monterey, California.

Board of Supervisors,
San Diego County,
San Diego, California.

Ed. Fletcher,
San Diego, California.

Board of Trustees,
La Mesa, California.

A. H. Sweet, Attorney for
applicants,
Union Building,
San Diego, California.

Board of Trustees,
East San Diego, California.

Cuyamaca Water Company,
San Diego, California.

D. B. Gordon,
El Cajon, California.

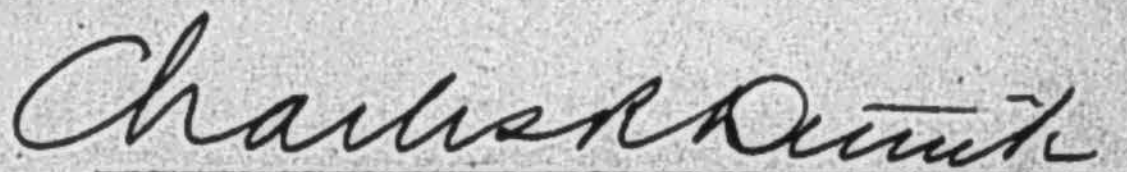
T. B. Cosgrove,
City Attorney,
San Diego, California.

Haines & Haines,
Timken Building,
San Diego, California.

You and each of you are hereby notified that the Railroad Commission of the State of California has set an adjourned hearing in the above entitled matter before Commissioners Eshleman and Thelen for Monday, June 15, 1914, at 9 o'clock A.M., in the Federal Court Room, at the Postoffice, in the city of San Diego, California, at which time and place you will be given an opportunity to appear and be heard.

By order of the Railroad Commission.

Dated at San Francisco, California, this 11th day of June,
1914.


Secretary Railroad Commission
of the State of California.

JM

No publication necessary.

[w/ 1914] c8n

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In The Matter Of Protest Against The Rules Of The
Cuyamaca Water Co.

Statement of Murray & Fletcher as asked for by
Hydraulic Engineer, Phil. Harroun.

The statement of Mr. D. G. Gordon to the effect that a "contracts entered in good faith, based upon an adequate consideration should be adopted so far as this is consistent with adequate regulation as a basis for rates," on the face of it is plausible, but here is the condition that exists: we are getting only $1\frac{1}{2}$ to $1\frac{1}{2}$ a thousand gallons for irrigating water, a rate that is absolutely ridiculous and unheard of in the State under like conditions.

As regards domestic water under the same so-called contracts which Mr Gordon refers to of one inch to ten acres we find that hundreds of acres with these so-called water right contracts have been subdivided, with fifty to seventy lots on which houses have been built, to each ten acre tract in the city of La Mesa, that are getting their water today at from five to ten cents a month - many families have seven or eight persons to each family, and in addition to their domestic supply, having enough water for their lots and vegetable gardens. No where in the State does this condition exist as here; the consideration is not adequate, and these conditions cannot last. No man or set of men can maintain a water system and pay even operating expenses under these conditions.

Everyone concedes that the life of the flume is almost at an end and somehow, in some way, it must be rebuilt. At no time has the Cuyamaca Water Company ever maintained any desire or asked that the right to use water be taken away from any one. All we do ask is ^afair and honorable rate that will warrant any person or corporation to invest their money and rebuild the system; thereby furnishing an adequate supply of water.

Regarding monthly payments will say the water company has to pay all of its bills monthly; all of the old so-called contracts reserve the right to make new rules and regulations from time to time as they saw fit. Attached hereto is a copy of the delinquencies showing how utterly impossible it is for us to collect each six months, although we have been diligent in our efforts. All public service corporations collect monthly and it is the usual custom. With semi-annual collections of irrigation water, it is utterly impossible to help making exceedingly heavy losses on account of the change of ownership of property, etc.

IRRIGATION WATER

Mr. Gordon states as follows: "It was apparently not intended that the Water Company should comb the entire territory for a chance to charge an irrigator for an extra house on his ranch, as the Company has set out to do."

I believe the time will come when all water will be sold by meter measurement and rates based on quantity of water used. I see now reason why every rancher, be he irrigator or domestic service, should not pay a service rate or \$1.25 a month for his first 25,000 gallons of water and 25¢ a thousand gallons thereafter for a certain amount to be decided by the Commission.

After that, any excess water to be considered irrigating water.

I know of hundreds of acres of land being subdivided or which has been subdivided into acre tracts, particularly high class residence property of the future. If the Commission decides that half acre tracts or less are for domestic service as asked for by Mr Gordon, and any tracts larger than that shall be considered irrigating water at the irrigation rate, how can your Honorable Commission reconcile this to the fact that the acre tracts are not domestic water as well. Certainly it is purely a residence proposition in our suburban districts and in my opinion should be classed solely a domestic service, and acre tracts should certainly come under domestic service, unless the change as already suggested is put in force.

In relation to flood waters, next winter, I suggest that this be cut out entirely.

Owing to the City of San Diego being so extremely short of water, I have recommended to Mr Murray that we rebuild the flume and spend three or four hundred thousand dollars immediately so as to be able to furnish a temporary supply to the City of San Diego by January 1, 1914. This only applies to flood waters that would otherwise go to the ocean and we would be pleased to have this question of sale of flood waters eliminated entirely from our rules.

Referring to Rule Seven will say I have been securing water from the San Diego Flume Company for eighteen years. There is not an orchard in San Diego County that cannot be irrigated inside of thirty days and the San Diego Flume Company insisted that everyone take their water (in one month). This portion of the rules should certainly be left as it is; it is not only customary but

common practice that during the summer months all orchards are irrigated once a month.

Mention should be made that practically every rancher has a reservoir, some small, some large, into which is turned at night the night's flow and utilized in the larger head the following day. In other words, the 24 hours' supply is utilized for irrigation during the day time.

Rule Eight: as I have explained before should certainly be atleast one acre or less as domestic service, or a charge should be made as already mentioned above where each party individually whether rancher or lot owner pays first a domestic rate, and thereafter so much a thousand gallons according to quantity.

Rule Ten: We always have from 8 to 12 men on the flume and pipe line all the time, regularly employed to keep the screens clean.

Rule Eleven: The words "during one month" should certainly be among our rules for reasons stated above.

Rule Fourteen: Certainly domestic supply comes first and a full domestic supply should be given in preference to irrigation.

Referring to pumped water will say a notice has been sent out asking every individual to state what amount of pumped water he will agree to take in excess of one-fourth supply of gravity water, the rate to be established by the Railroad Commission. We will have a reply inside of four or five days and will then furnish to the Railroad Commission a complete statement of the amount of pumped water that can be sold in excess of water on hand.

I have explained to you that the Lemon Grove people are entirely satisfied and their arrangements for pumped water have been taken care of. Many wells have been sunk in El Cajon Valley in the last year and each rancher from Grossmont east owns his own supply of water from wells. Electricity from San Diego has been extended to every pumping plant in the Valley within the last twelve months.

As soon as we secured the information as to the amount of water that can be sold, this information will be placed in the hands of the Railroad Commission.

Attention should be called to this fact: that 95% of the people who attended the meeting in San Diego were from La Mesa who were getting their water at from five to ten cents a month for domestic service. I know for a fact that it was an organized plan to stampede the meeting and influence the Commission to suspend our rates until such time as we shall have spent several hundred thousand dollars in developing the system of the Cuyamaca Water Company.

There was also another object in view: the La Mesa people have in mind the forming of a district of their own. Everything that they can do to harass and embarrass the Cuyamaca Water Company, they have done. The Cuyamaca Water Company are in good faith proceeding as diligently as possible to comply with the order of the Commission in the matter of reconstructing the flume, and not alone that, but in the entire development of our system. Mr Murray has agreed with me, thru his banks to raise the necessary money by the purchase of bonds to develop the system. Incorporation papers of the Cuyamaca Water Company have just been filed and we have furnished to you a statement of our plans, as well as work already accomplished

and for which we are obligated. If there was any disposition on the part of the Commission to suspend our rates, it would be a calamity to San Diego County, for the financial situation is so stringent and the poor showing that the Cuyamaca Water Company could make in the matter of earning power would be detrimental to the sale of our bonds I am afraid, and absolutely prohibit the earlier development of the system.

I respectfully ask that the rules and regulations of the Cuyamaca Water Company be approved at an early date as possible, and that we be given assurance that there will be no attempt on the part of the Commission to suspend our rates as long as the Cuyamaca Water Company in good faith proceeds diligently in the development of its system.

*File
State
Railroad
Commission*

San Diego, Calif., June 1, 1921.

In the Matter of the application of James A. Murray, William C. Henshaw, and Ed Fletcher, co-partners, doing business under the firm name and style of the Cuyamaca Water Company, for an order authorizing and establishing a surcharge to pay for the cost of operation of pumping from underground reservoirs.

Application No. 6767

REPORT OF HYDRAULIC DIVISION.

The Cuyamaca Water Company asks permission to collect a surcharge of two and one-half (2½) cents per 100 cu. ft. on water used by all consumers on its system, alleging that it will be necessary to operate the El Monte pumping plant in order to protect the reserve supply of water in the reservoirs. It is further alleged that this pumping will entail an additional expense not provided for in the present rates.

I made an investigation of the water supply of the company for the present season and also covering the storage and consumption for the years of 1919 and 1920. All the information included in the following tables was obtained from the company's records.

RAINFALL IN INCHES AT CUYAMACA RESERVOIR FROM JULY 1, 1918. TO JUNE 1, 1921

	<u>1918</u>	<u>1919</u>	<u>1920</u>	<u>1921</u>
Jan.		.67	3.28	4.33
Feb.		7.32	10.09	2.51
March		6.38	10.28	3.54
April		1.41	3.86	1.10
May		.34	.30	7.15
June		.00	.05	
July	1.17	1.25	.07	
Aug.	.44	1.00	.85	
Sept.	.04	.50	.18	
Oct.	1.10	2.31	3.94	
Nov.	5.43	1.99	.95	
Dec.	4.70	4.06	3.10	

ANNUAL RAINFALL

Season - Inches

1889-90	67.90
90-91	61.39
91-92	38.58
92-93	40.71
93-94	14.35
94-95	54.11
95-96	24.60
96-97	36.83
97-98	26.47
98-99	22.08
99-00	29.95

Season - Inches

1900-01	41.76
01-02	37.37
02-03	36.61
03-04	23.57
04-05	57.20
05-06	59.09
06-07	40.91
07-08	35.04
08-09	40.96
09-10	35.27
10-11	30.98

Season - Inches

1911-12	32.46
12-13	32.45
13-14	33.47
14-15	55.78
15-16	61.36
16-17	35.77
17-18	28.99
18-19	30.85
19-20	40.15
20-21	27.72

CUYAMACA RESERVOIR

Capacity and Area flooded.

<u>Gage Height</u>	<u>Capacity Acres Feet</u>	<u>Area Flooded</u> 9. acres
10'	16	25
11'	28	49
12'	63	81
13'	115	115
14'	210	150
15'	344	186
16'	494	223
17'	689	266
18	918	310
19	1217	354
20	1538	394
21	1883	438
22	2296	484
23	2755	529
24	3237	574
25	3788	612
26	4362	653
27	4982	693
28	5556	735
29	6337	776
30	7118	813
31	7875	851
32	8725	888
33	9551	927
34	10378	963
35	11250	978
Spillway Level	35.4	978

CUYAMACA RESERVOIR
RECORD OF STORAGE AND DRAFT. JAN. 1, 1919, to MAY 23, 1921.

	Gage Height at First of Month	Acres Feet Storage	Cubic Feet Draft During Month
1919 Jan.	27' - 1-3/4"	5074	--
Feb.	27' - 1-1/2"	5061	--
March	28' - 4 1/2"	5780	--
April	29' - 4-3/4"	6641	--
May	29' - 2 1/2"	6492	7,510,000
June	28' - 6-3/4"	5952	28,160,000
July	26' - 10 1/2"	4900	33,470,000
Aug.	25' - 0 1/2"	3814	28,380,000
Sept.	23' - 8"	3061	14,930,000
Oct.	21' - 2 1/2"	1951	5,490,000
Nov.	20' 5"	1671	5,380,000
Dec.	19' - 11"	1510	
1920 Jan.	21' - 11 1/2"	2276	
Feb.	22' - 9 1/2"	2638	
Mar.	25' - 4"	3995	
April	29' - 7"	6796	
May	30' - 8 1/2"	7617	
June	30' - 7 1/2"	7548	5,330,000
July	29' - 11"	7049	31,920,000
Aug.	28' - 10 1/2"	6210	35,770,000
Sept.	27' - 4"	5189	27,160,000
Oct.	24' - 8"	3596	24,220,000
Nov.	22' - 1 1/2"	2347	9,820,000
Dec.	21' - 5 1/2"	2051	4,510,000
1921 Jan.	22' - 0"	2296	3,726,000
Feb.	22' - 8"	2590	--
March	--	--	--
April	24' - 0"	3237	3,740,000
May	24' - 9"	3651	3,354,000
May 23rd	24' - 8-3/4"	3637	

MURRAY RESERVOIR.

	<u>Gage Height</u> <u>at First of Month</u>	<u>Storage</u> <u>Millions of</u> <u>Cubic Feet</u>	<u>Acres</u> <u>Feet</u>	
1919	Jan.	67.8	75.29	1728
	Feb.	69.4	80.73	1853
	Mar.	76.8	113.99	2617
	April	84.9	157.92	3625
	May	88.9	181.83	4174
	June	88.05	177.06	4058
	July	86.4	166.88	3831
	Aug.	83.1	147.26	3381
	Sept.	78.2	120.49	2766
	Oct.	73.6	99.23	2278
	Nov.	68.7	78.35	1799
	Dec.	67.9	75.63	1736
1920	Jan.	67.2	73.25	1682
	Feb.	66.5	70.87	1627
	Mar.	72.0	91.91	2110
	Apr.	83.3	148.45	3408
	May	90.5	192.06	4409
	June	94.-	217.41	4991
	July	93.-	210.18	4825
	Aug.	91.50	199.29	4575
	Sept.	90.-	188.44	4326
	Oct.	88.75	180.94	4154
	Nov.	87.65	174.37	4003
	Dec.	86.70	168.69	3873
1921	Jan.	86.-	164.48	3776
	Feb.	87.1	171.09	3928
	Mar.	89.50	185.44	4257
	Apr.	91.45	198.92	4567
	May	88.20	177.65	4078

WATER CONSUMPTION BY MONTHS.
Quantities in Cubic Feet.

	I r r i g a t i o n			D o m e s t i c			SanDieg
	Low Service	High Service	Flume Service	Low Service	High Service	Flume Service	
1919 Jan.	157,980	1,684,920	323,250	652,930 ^m	190,020	63,870	--
Feb.	109,040	857,580	439,350	588,770	125,910	41,500	--
Mar.	82,730	673,430	184,660	599,110	120,030	51,880	--
Apr.	568,440	3,373,380	1,212,730	1200,410	326,790	108,300	--
May	1213,250	7,484,630	5,906,310	1328,410	400,620	165,160	--
Jun.	1589,360	9,065,250	8,272,890	1742,260	386,150	202,310	--
Jul.	1953,780	10,949,300	8,365,060	1842,570	548,500	176,670	4,832,700
Aug.	1800,990	10,325,960	7,823,020	1586,060	447,520	177,950	13,238,300
Sept.	1415,700	8,205,960	5,676,790	1165,030	348,020	145,540	13,700,500
Oct.	863,400	4,997,120	3,899,790	800,270	305,290	102,870	13,630,500
Nov.	555,970	3,345,670	957,540	515,530	204,250	72,120	--
Dec.	64,490	481,875	71,410	458,430	145,185	43,960	--
1920 Jan.	191,520	1,078,210	415,260	446,760	169,350	62,010	--
Feb.	343,240	1,516,970	632,560	755,500	184,040	54,350	--
Mar.	71,560	245,410	201,080	481,930	123,560	54,120	--
Apr.	114,100	907,200	317,110	662,670	184,570	77,960	--
May	730,650	5,819,660	5,520,450	1440,039	310,410	148,400	--
Jun.	1684,880	8,894,180	8,164,600	1769,140	496,620	206,000	--
July	1710,340	9,228,770	8,398,960	1770,980	444,820	210,840	--
Aug.	2173,320	11,003,820	8,258,020	1767,970	479,120	195,480	--
Sept.	1846,810	9,814,800	7,321,910	1634,910	429,480	161,890	--
Oct.	1225,650	5,506,450	4,508,680	1324,490	310,490	126,290	--
Nov.	838,090	4,781,740	2,549,510	1012,730	291,620	94,600	--
Dec.	326,550	2,683,650	1,284,600	733,305	194,960	103,180	--
1921 Jan.	231,640	1,490,600	786,850	815,680	217,910	100,620	--
Feb.	79,980	721,160	234,770	704,660	166,190	82,180	--
Mar.	162,290	1,288,460	800,930	874,500	198,700	112,940	--
Apr.	1709,000	5,596,990	4,169,380	1571,850	504,060	199,550	16,052,560

WATER CONSUMPTION BY MONTHS THROUGH HIGH AND FLUME SERVICE COMBINED.

		<u>Quantities in Cubic Feet.</u>	
		<u>Irrigation</u>	<u>Domestic</u>
1919	Jan.	2,008,170	253,890
	Feb.	1,296,930	167,410
	Mar.	858,090	171,910
	Apr.	4,586,110	435,090
	May	13,390,940	565,780
	Total	22,140,240	1,594,080
	June	17,338,140	588,460
	July	19,314,360	725,170
	Aug.	18,148,980	625,470
	Sept.	13,882,750	493,560
	Oct.	8,896,910	408,160
	Nov.	4,203,210	276,370
	Dec.	553,285	189,145
Totals	82,337,635	3,306,335	
1920	Jan.	1,493,470	231,360
	Feb.	2,149,530	238,390
	Mar.	446,490	177,680
	Apr.	1,224,310	262,530
	May	11,340,110	458,810
	Totals	16,653,910	1,368,770
	June	17,058,780	702,620
	July	17,627,730	655,660
	Aug.	19,261,840	674,600
	Sept.	17,136,710	591,370
	Oct.	10,015,130	436,780
	Nov.	7,331,250	386,220
	Dec.	3,968,250	298,140
Totals	92,399,690	3,745,390	
1921	Jan.	2,277,450	318,530
	Feb.	955,930	248,370
	Mar.	2,089,390	311,640
	Apr.	9,766,370	603,610
	Total	15,089,140	1,482,150

WATER DELIVERED TO LEMON GROVE MUTUAL WATER COMPANY from Jan. 1, 1919 to
June 1, 1921.

Quantities in Cubic Feet.

	<u>1919</u>	<u>1920</u>	<u>1921</u>
Jan.	702,540	547,430	745,850
Feb.	365,070	640,590	474,310
Mar.	360,990	79,170	786,520
Apr.	1,428,120	483,640	3,187,540
May	3,913,950	2,484,120	1,398,400
Totals	6,770,670	4,234,950	6,592,620
June	3,786,390	3,920,520	
Jul.	4,165,650	3,971,880	
Aug.	4,068,240	4,384,520	
Sept.	3,665,080	3,556,150	
Oct.	2,266,150	2,270,660	
Nov.	1,647,490	2,049,090	
Dec.	292,600	1,371,670	
Total	19,891,600	21,524,490	

During the season of 1919 the El Monte and La Mesa pumping plants were operated for several months. The following table shows the amount of power consumed and its cost.

	<u>El Monte</u>		<u>La Mesa</u>	
	<u>K.W.H.</u>	<u>Cost</u>	<u>K.W.H.</u>	<u>Cost</u>
1919				
August	---	---	810	151.62
Sept.	13,026	296.68	16,210	342.39
Oct.	124,800	1657.54	26,370	501.32
Nov.	45,360	781.12	---	150.28
Dec.	---	---	---	150.00

At El Monte the plant was operated a total of 959½ hours and pumped 15,487.95 cubic feet at a cost of 2.38 cts. per 100 cu. ft., not including Depreciation. At La Mesa water is pumped from the Murray Reservoir into the high service lines thereby reducing the amount of water to be drawn from Cuyamaca Reservoir. This plant has a capacity of 1200 G.P.M. and was operated a total of 1312½ hours pumping 12,633,850 cubic feet at a total cost of 1.35 cts. per 100 cu. ft.

The service area is divided by the company into three divisions viz. Flume service, high service and low service. The first two are normally supplied with water from Cuyamaca Reservoir, while the latter is supplied from Murray Reservoir. The water pumped at El Monte is also available to both the Flume Service and High Service, while that pumped by the La Mesa plant is available only to the High Service.

As there is more water stored in Murray Reservoir this year than will be required by the Low Service, it will only be necessary to compute the possible shortage in the other two areas. During the period from June 1, 1919, to December 31, 1919, there was a total of 85,643,970 cu. ft. of water delivered to the Flume and High service areas and for the same period in 1920 there was a total of 96,145,080 cu. ft. delivered. Included in these quantities is the water delivered to the Lemon Grove Mutual Water Users Association which amounted to 19,892,600 cu. ft. in 1919 for the period from June 1 to Dec. 31, and in 1920 for the same period was 21,524,490 cubic feet.

This year the Lemon Grove pipe lines are connected to the line from Murray Reservoir and about one-half of the necessary water will be drawn from this source instead of from Cuyamaca Reservoir.

An estimate of the probable pumping expense for the season of 1921 from June 1, to December 31, was made. The computations are based mainly on the records of 1919 as it was found necessary to pump during that season and for that reason it was assumed that the consumption during the present season would be very similar. The computations are also based on the assumption of drawing all the available water out of Cuyamaca Reservoir.

ESTIMATE OF PUMPING COSTS FOR SEASON OF 1921.

FROM JUNE 1, TO DECEMBER 31.

Gage Height Cuyamaca Res. June 1, 24'-8" - Storage 3600 A.F.

Area Flooded at Gage Height of 24' -8" is 559 Acres.

Area Flooded Reservoir Empty 0 Acres.

Average acreage upon which to compute evaporation is 280 acres.

Evaporation Loss for period assumed at 44 inches in depth over the average Flooded Area or a total of 1027 Acre Feet.

Storage June 1,	3600 A.F.	
Evaporation Loss	<u>1027 A.F.</u>	
Available for Draft	2573 A.F.	
Transmission Loss assumed at 40% or	<u>1029 A.F.</u>	
Water possible to deliver at meters	1544 A.F.	
Water delivered at meters in 1919 from June 1 to December 31		1611 A.F.
Water pumped at El Monte		355 "
Water pumped at La Mesa Booster		<u>290 "</u>
T o t a l		2256 "

Total (forward)

2256 A.F.

Water delivered to Lemon Grove from June 1, December 31, 1919, was 456 A.F.

One-half of this can be drawn from Murray this season or approximately

226 A.F.

Supply required from Cuyamaca & El Monte

2030 A.F.

Available from Cuyamaca

1544 A.F.

Amount necessary to pump

486 A.F.

The El Monte plant averaged 8.9 acre feet per day during October, 1919, using 4800 K.W.H. Electric Power.

Assuming that this rate could be maintained during the present season it would be necessary to run the pump for 54.6 days. Assume it will operate for a total of 60 days.

Cost of Operation.

Power Required will be 4800 x 60 or 288,000 K.W.H.

Cost of Power (Schedule No.7, San Diego Consolidated Gas & Elec. Co.)

First 80,000 K.W. H. @ 2.7¢ per K.W.H.	\$2160
Next 208,000 " @ 2.1¢ " "	4368
Labor - 1 man 60 days @ \$7.00	420
2 men 120 " @ 5.00	600
Miscellaneous Expenses, Repairs, Oil, etc.	300
Total Cost	<u>\$7848</u>

Cost of Power (Schedule No. 8, San Diego Cons. Gas & Elec. Co.)

Ready to Serve Charge (205 H.P. Inst.)	\$1650
First 4000 K.W.H. @ 2¢ per K.W.H.	80
Next 6000 K.W.H. @ 1.75¢ per K.W.H.	106
Next 278,000 K.W.H. @ 1.5¢ per K.W.H.	4170.
Total	<u>\$6006</u>

The total Power Cost under schedule No. 7 amounts to \$6528 so that by using schedule No. 8 the company will save \$522 on 288,000 K.W.H. and will have a total pumping cost of \$7326.

M.E. Ready,
Assistant Engineer.

MER/Y

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

2/25/16

Col. Fletcher, on being interviewed relative to the hearing before the State Railroad Commissioner Thelen, said:

"Messrs. Murray, Henshaw and I have at all times been willing to live up to the letter to our contract with the La Mesa Irrigation District, but they have not lived up to their contract, however. The District has not secured the approval of Dillon, Thomson & Clay to all the bonds, and cannot do so, until the suit of the La Mesa Homes Co. brought by Judge Boone, is settled, which suit is now in the Supreme Court. No sane man would expect us to accept bonds in payment for our property when the question of the validity of the District is in litigation, for if we should transfer our water system to the District and the bonds should be declared invalid, later on, there would be no possibility of our getting our property back. This is the opinion of several attorneys that we have consulted.

"It is true that we took in approximately \$21,000 above operating expenses last year, but during the six years that we have owned the property we have not taken in enough to pay even operating expenses, although we have put close to \$500,000 additional into the property during that time.

"The value placed on the property by the State Railroad Commission gives us back our money and 7% interest. We are not going to part with our property until we get something for it, and know this to a certainty. I have done everything possible to effect a compromise with the District and so far have failed. As much as I regret it, I am forced to admit that the action of the District and the decision of Commissioner Thelen in refusing to give us an increase in rates means litigation in all probability for the next five years. I shall, however, make one more effort to get Messrs. Murray and Henshaw and the District together.

"An afternoon paper stated that we had threatened to shut off the water from the City of San Diego. This statement is absolutely false. We called the attention of Commissioner Thelen to the fact that the City of San Diego owes us \$4761.19 for water delivered in June, 1915, and that the City is a delinquent consumer. City Attorney Cosgrove stated that the City unquestionably would pay this bill within three or four weeks, as soon as he could get around to it, and on the strength of Mr. Cosgrove's statement Commissioner Thelen stated that it would not be necessary for the Commission to act in the matter.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of JAMES A. MURRAY and ED FLETCHER for an order fixing rates to be charged and collected for water furnished and to be furnished by them and service rendered by them in furnishing water and in furnishing, carrying and conveying water in the County of San Diego, State of California.

Application No. 1231

State of California }
County of San Diego } ss

I, JOHN J. HETZEL, being first duly sworn, upon oath depose and say:

That I am an expert accountant, and during the months of February, March, April, May, June and July I have examined and experted the books, records and affairs of each department of the City of San Diego; that I have been appointed to perform such work by Honorable Edwin M. Capps, Mayor of the City of San Diego, acting pursuant to the authority vested in him under and by virtue of Chapter I of Article III (Statutes 1889, page 644) of the Charter of the City of San Diego; that in the examination of said books, records and accounts I was assisted by and had in my employ certain bookkeepers and assistants; that said bookkeepers and assistants were working for me personally and under my personal direction, and were neither engaged nor discharged, neither was their term nor the condition of their employment fixed or in any manner supervised by said City of San Diego, or any official thereof; that in my employ was one James E. Sellers, who, at my direction worked upon the books of the Water Department of said City.

Further affiant saith not.

Subscribed and sworn to before me this 25th day of August, 1916.

John J. Hetzel

John C. Campbell
Notary Public in and for the County of San Diego, State of California.

(WV)

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my commission expires Feb. 25, 1920

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of JAMES A. MURRAY and ED FLETCHER for an order fixing rates to be charged and collected for water furnished and to be furnished by them and service rendered by them in furnishing water and in furnishing, carrying and conveying water in the County of San Diego, State of California.

Application No. 1231

State of California }
County of San Diego } ss

I, F. M. LOCKWOOD, being first duly sworn, upon oath depose and say:

That I am Manager of Operation of the City of San Diego and as such officer am in charge of the office of City Engineer of said City; that James E. Sellers, who has signed a certain communication addressed to Mr. Max Thelen, Chairman State Railroad Commission, under date of August 18th, 1916, as "Efficiency Engineer for the City of San Diego, California", is not now, and to the best of my knowledge, has never been, in the employ of said City of San Diego in any capacity; that the position of Efficiency Engineer for the City of San Diego, California does not now, and to my best knowledge, never has existed as a position with said municipality.

Further affiant saith not.

142

F. M. Lockwood

Subscribed and sworn to before me this 28th day of August, 1916.

Seal

Eleanor Lougellou
Notary Public in and for the County of San Diego, State of California.

1 BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

2
3 In the matter of the application of
4 JAMES A. MURRAY and ED FLETCHER for
5 an order fixing rates to be charged
6 and collected for water furnished and
7 to be furnished by them and service
8 rendered by them in furnishing water
9 and in furnishing, carrying and con-
10 veying water in the County of San
11 Diego, State of California.

Application No.
1231.

10 State of California }
11 County of San Diego } ss

12
13 I, ERNEST DAVIES, being first duly sworn, upon oath
14 depose and say:

15 That I am Secretary of the Civil Service Commission of
16 the City of San Diego, State of California, and in such capa-
17 city, pursuant to the terms of Section 12 of Article XI (Stat-
18 utes 1915, page 1817) of the City Charter of the City of San
19 Diego, certify the pay rolls of all persons holding or per-
20 forming the duties of a position in the classified service of
21 the City of San Diego; that the name of James E. Sellers
22 has never appeared upon any pay roll of employees of the City
23 of San Diego in the classified service since September 1st,
24 1915; that pursuant to the terms of Section 11 of Article XI
25 (Statutes 1915, page 1817) of the City Charter of the City of
26 San Diego, there is maintained by the Civil Service Commission
27 of said City a Civil List of all persons in the classified
28 City service, showing in connection with each name the posi-
29 tion held, the date and character of every appointment and of
30 every subsequent change in status; that as Secretary of said
31 Commission I am in charge of said list and am familiar with
32 the same; that the name of James E. Sellers is not now and
33 never has been upon said Civil List, as maintained by the

1 Civil Service Commission of said City, and that the position
2 of "Efficiency Engineer" does not exist as a position existing
3 and created by the City of San Diego among its employees.

4 Further affiant saith not.

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Ernest Davico

Subscribed and sworn to before me
this 28th day of August, 1916.

Seal

Charles Louis Fellows
Notary Public in and for the County
of San Diego, State of California.

142

January 16, 1925.

REPORT OF THE ENGINEERING DEPARTMENT

TO THE COMMISSION

Ed Fletcher et al., "Cuyamaca
Water Co.", to sell certain
properties to La Mesa, Lemon
Grove and Spring Valley Irriga-
tion District. }

Application No. 10619

The entire development of the available sources of water supply on the San Diego River for the people of San Diego and the outlying territory has in the past been very seriously retarded by a more or less bitter struggle among and between various opposing interests to obtain sole control of the river. The contemplated acquisition of the interests of the Cuyamaca Water Company by the La Mesa, Lemon Grove and Spring Valley Irrigation District if carried out as proposed may intensify the existing difficulties and is apt to plunge the District and the City into very costly litigation which may extend over a period of many years. In the mean time the much needed waters run unused into the sea, and the proposed expenditure in the community of approximately \$7,000,000 in authorized bonds will be indefinitely postponed.

To the end that immediate and economical development of waters of the San Diego River for the best interests of both the District and the City of San Diego be obtained, a study of the situation has been made by the Hydraulic Division of the Engineering Department at the request of the Commission. It is the aim of this Department to propose a plan whereby the development of the San Diego River may be undertaken immediately and in one comprehensive scheme

to the mutual advantage of all parties concerned.

It appears that if the Irrigation District acquire the properties of the Cuyamaca Water Company under the present option agreement, and assign to the City of San Diego all water rights thereby acquired, and in addition lease to the City the entire water production, transmission and storage facilities of the system, and in return receive a binding contract from the City whereby the water needed by the District may be purchased from the City, that savings will result both ^{to} the District and the City.

By this arrangement the City of San Diego will acquire foremost without further litigation so far as the District and the Cuyamaca Water Company are concerned, the title and ownership to all the waters of the San Diego River, it will be able to acquire at the cost to the District the El Capitan Dam Site, and the District's option to purchase Mission Gorge Dam Site No. 5. These concessions alone, besides eliminating the alternative expensive litigation with its attending uncertainties, will enable the City of San Diego with practically no further opposition to proceed at once with the long delayed development of the entire San Diego River project, without the necessity of resorting to a new bond issue.

In addition to this the City of San Diego will effect a capital saving of approximately \$1,000,000 by eliminating the estimated cost of the proposed conduit from El Capitan Dam to the City, provided the flume is used jointly, and will also reduce expenses by the elimination of the pumping charges of \$12,000 per year in East San Diego (which is the equivalent of \$250,000 when capitalized at 6%), and will obtain two billion gallons of impounded water in the Murray Reservoir having an approximate value of \$390,000. This money so saved can be

applied to the benefit of the water development. The incidental value of the acquisition of the Murray Dam and Reservoir cannot of course be set out in terms of money.

The advantages accruing to the Irrigation District from this plan are many. Although the District assigns to the City of San Diego its rights and title to the waters of the San Diego River and releases its privileges to construct a storage reservoir at the Fletcher Dam Site, nevertheless it will under proper contract assure and guarantee an ample and sufficient supply of water for all its reasonable needs and development at a fair and just price. At the same time the District will be relieved of the heavy financial burden of completing the entire project to its ultimate development. The expenditure of approximately \$600,000 in flume reconstruction will be repaid by the City and consequently represents an ultimate saving to that extent. An alternative method of transmission may possibly reduce the above \$600,000 or perhaps reduce the operating costs. An amount varying from \$500,000 to \$1,000,000 will be saved through the abandonment of the construction of the Fletcher Dam and reservoir. The ultimate capital saving to the District it is safe to say may reasonably be expected to total \$1,500,000.

The District will save a considerable sum of money through the elimination of a vast amount of expensive litigation, and will be relieved of the responsibility of maintaining the production and transmission facilities; it will be in a position to purchase the quantity of water required at any time and at a reasonable price, and most important of all, may obtain this water immediately without the years of delay which otherwise must inevitably result.

To accomplish the results set out above the following plan

is suggested, with the belief that it is in principle fair to all parties concerned and that its consummation will without doubt result primarily in a long step toward the ultimate settlement of the vexing water problems of this District and will furthermore result in cementing the friendship of the City of San Diego and the outlying communities, whose relations have at times in the past been severely strained.

A transfer of the properties of the Cuyamaca Water Company to the La Mesa, Lemon Grove and Spring Valley Irrigation District should be approved according to the terms of the present and existing option, subject to the following terms and conditions:

1. The District will assign to the City of San Diego all rights and water rights to the waters of the San Diego River acquired from the Cuyamaca Water Company.

2. The District will transfer to the City of San Diego the El Capitan Dam Site with appurtenant rights for the sum of one hundred thousand dollars (\$100,000), which it is understood is the value which was assigned to this property during the negotiations for the option agreement.

3. The District will assign its option to the City of San Diego to purchase Mission Gorge Dam Site No. 3 for the sum of one hundred and fifty thousand dollars (\$150,000).

4. The District will transfer at cost to the City of San Diego under contract agreement all water producing, transmitting and storage facilities and appurtenant rights of way, easements, rights and privileges to be acquired by it from the Cuyamaca Water Company, in consideration whereof the said City of San Diego will assume the obligation to pay the interest

and sinking fund requirements of the bonds of the Irrigation District to the extent of the property involved therein, upon the completion of which the title to said property will vest in the City of San Diego.

5. The City of San Diego will agree to sell to the Irrigation District water for irrigation purposes as required not to exceed an average of eleven million (11,000,000) gallons daily per year, at the rate of 6 cents per thousand (1000) gallons for irrigation purposes and at the rate of 16 cents per thousand (1000) gallons for domestic use, the water to be delivered to the District from the transmission flume, pipe line or distribution reservoirs, or at points to be mutually agreed upon. This agreement should not be terminated through the acquisition by the City of San Diego of title to any or all of the properties.

6. Arrangements should be agreed upon by and between the City and the District providing for the revision and adjustment of the rates set out above to take care of any radical changes in the future economic conditions which cannot at present be foreseen but which may possibly render the rates set out above unjust in some instances.

7. The City of San Diego should take steps to acquire the distributions systems now serving domestic water to the districts adjoining the City and known as Kensington Park and Normal Heights, at a price mutually agreeable or to be fixed by arbitration or by the State Railroad Commission, as conditions may warrant. Until this has been accomplished water shall

be furnished the Cuyamaca Water Company for delivery to its remaining consumers as provided for in the option held by the Irrigation District.

8. In order that the City of San Diego may in the future exercise sole control and authority over the properties for which it is to assume responsibility, relinquishment should be obtained of the hunting and fishing privileges heretofore reserved to private interests.

9. El Cajon and the area served along the present Cuyamaca flume should in all fairness be permitted to enter the Irrigation District.

10. Matters of policy relating to the future expansion of the area included within the boundaries of the District, as well as matters involving the future annexation of certain of this territory by the City of San Diego must of necessity be left for consideration when and if such conditions arise.

11. In periods of water shortage which may arise on this system in the future requiring the proration of water, the available supply should be curtailed in equal percentage as to the average deliveries to the City and the District.

From the Papers of Ed Fletcher, the following letters were removed to the alphabetized correspondence files:

"FROM THE 1925-1926 FILE ON THE CALIFORNIA RAILROAD COMMISSION REGARDING THE SALE OF BONDS AND TRANSFER OF CUYAMACA WATER CO. FROM A PARTNERSHIP TO A CORPORATION"

BRUNDIGE, H. W., August 7, 1925
COPPS, H. C. of Carstens and Earles, Inc., May 3, 1924
CROUCH, CHARLES C., April 25, 1924
PIERCE, CYRUS:
 to Pierce from Fletcher, March 11, 1924
 to Pierce from Fletcher, March 11, 1924
 to Fletcher from Pierce, April 28, 1924
SANDERS, HUGH A., May 10, 1924
SMILEY, ARTHUR R., April 3, 1924

Saved as BondSTR

From the papers of Ed Fletcher, the Following letters have been removed to the alphabetized correspondence files:

"PAPERS RELATING TO THE TRANSFER OF CUYAMACA WATER CO. (A CO-PARTNERSHIP) TO THE CUYAMACA WATER CO. (A CORPORATION)"

M. E. FLETCHER to ED FLETCHER, January 16, 1924
 regarding stocks
REED, R. S. to Fletcher, September 17, 1925
 regarding issuance of "Unlimited Guarantee Title"
SHROP, W. B. to Fletcher, March 19, 1926
 regarding property acquired by Cuyamaca Water Co.
SLOANE, H. G.:
 to Secretary of State from Sloane, March 15, 1926
 to Fletcher from Sloane, March 19, 1926
SOUTH TITLE GUARANTEE CO., March 23, 1926
 original letter and final copy letter to Fletcher
STERN, CHARLES F., March 23, 1926
 from Fletcher regarding the issuance of stock, also
 an attached note regarding stock issuance

Ed Fletcher Papers

1870-1955

MSS.81

Box: 58 Folder: 11

Business Records - Water Companies - Cuyamaca Water Company - State Railroad Commission - Incorporation of Cuyamaca Water Company, Application #9865, Decision #13468 to change "partnership" to "corporation"



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