

Decision No. 12984.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
HOWARD PARK COMPANY,)
a corporation, to sell the water works,)
distributing system and other property)
owned by it, to W. T. ESTEP, and to in-)
crease the rates for the sale of water)
for the said water works.)

Application No. 9381.

Salzman & Kornblum by I. B. Kornblum
for applicants.

BY THE COMMISSION:

O P I N I O N

In this application the Howard Park Company, a corporation, asks authority to transfer to W. T. Estep a water system supplying consumers in certain designated tracts in Los Angeles County. The original application also included a request that the Commission increase the rates charged consumers for water furnished.

A public hearing in the matter was held at Los Angeles before Examiner Williams, due notice thereof having been given so that all interested parties might appear and be heard.

At the hearing applicants asked permission to amend the application by eliminating therefrom the request for an authorization for increased rates. The Commission was also asked for authority to issue a non-negotiable and non-interest bearing promissory note for the sum of \$6,850 in accordance with a certain agreement entered into by applicants and filed as Exhibit 4 in this proceeding.

The testimony shows that the Howard Park Company desires to withdraw from its public utility activities, which consist of supplying water for domestic purposes to the tracts designated in the application, which have a total area of 670 acres, and approximately 150 consumers at the present time. W. T. Estep, who is now engaged in operating several other public utility water plants, desires to take over and operate this system in connection with the others which he now owns, it being his intention later to incorporate and operate the combined properties as a single unit.

The agreement previously referred to, covering the sale of the water system, also provides for the transfer to Estep of live stock, a road grading outfit, and other property. It also provides that applicant Estep is to perform certain work and furnish materials for the construction of sidewalks, curbs, streets, buildings, etc., the actual cost of which, plus ten per cent., is to be credited upon his indebtedness of \$6,850.

At the hearing applicants stipulated that none of the provisions set out in the agreement placed any incumbrance upon this particular public utility property, but careful consideration of the document can result in nothing but serious doubts of this assertion, especially as regards the lots upon which the pumping plants and tanks are located.

The agreement covers not only the transfer of public utility property but also includes property which is in no way useful in the operation of the public utility and would be used primarily in the improvement of the designated tracts to assist in the sale of real estate. There was no testimony presented to show what part of the total consideration of \$6,850 was for the public utility property and it is evident that under the proposed

plan of operation there can be nothing but an interlocking of public and private enterprises which will undoubtedly result in confusion and will not work out for the best interests of the utility's consumers.

While no one appeared to oppose the granting of this application, the Commission believes it contrary to public policy to authorize the transfer of this public utility water system under the terms and conditions of the above mentioned agreement. If applicants desire they may later file an amended application and agreement of sale which will provide solely for public utility property and operations to the exclusion of other activities in no way connected therewith. Such an application will receive due consideration by the Commission.

O R D E R

Application having been made to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter,

IT IS HEREBY ORDERED that the above entitled application be and the same is hereby denied, without prejudice.

Dated at San Francisco, California, this 28th day of November, 1923.

C. Leavitt

H. A. Bourdige

Dwight Martin

Egerton Shore

J. P. Whittier
Commissioners.