

ORIGINAL

Decision No. 1454

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application :
of SUNNYVALE WATER COMPANY for an : Application No. 1064.
order authorizing sale of its sys- :
tem to the Town of Sunnyvale. :

C. C. Spalding, president Sunnyvale Water
Company;
J. D. Brant, president Board of Trustees of
the Town of Sunnyvale, and Ex-officio
Mayor;
H. R. Fuller, D. J. Williams, Louis Larson
and F. E. Devert, Trustees of the Town
of Sunnyvale;
N. D. Wretman, counsel for Board of Trustees
of the Town of Sunnyvale.

LOVELAND, Commissioner.

O P I N I O N

This is an application of the Sunnyvale Water Company, of Sunnyvale, Santa Clara county, California, to transfer all of the assets of said company to the Town of Sunnyvale for the consideration of \$16,039.67, this being the original cost or book value of said water plant or system.

The testimony showed that the first small unit of this system was installed about seven years ago and that various other units had been installed at different times since; That the system had been kept in good repair by the expenditure of such sums as were necessary for the upkeep, the exact amount of such expenditures not being available.

The Mayor and the Trustees were questioned closely by the Commission as to why they were willing to pay original cost for this system without any allowance for depreciation, and all were unanimous in testifying that they did not believe there had been any marked depreciation and that they considered the system worth all that the town was paying for it, and that it was of decided advantage to the town to obtain the Sunnyvale

Water Company's plant or system as the nucleus of a municipal system about to be installed by the Town of Sunnyvale, bonds having been voted for that purpose, sold at something above par, and the money being now in the bank to proceed with the installation of a municipal plant.

In support of the present value of the plant, as compared with the price which the Town of Sunnyvale is paying for it, Colonel John C. Hendy, president and manager of the Joshua Hendy Machine Works, which are located at Sunnyvale, testified that, as to the later units installed by the Sunnyvale Water Company, his company purchased the pipe for the Sunnyvale Water Company and transferred it to that company absolutely at cost which was far below what any water company of that character could purchase it for. He testified that it was the best type of standard screw double dipped asphalt gas pipe, and that he believed the life of such pipe should easily be forty to fifty years, and that the difference in the cost of the pipe bought through his company and what the water company would have had to pay for it would easily offset the depreciation.

Mr. C. L. Stowell, a resident of Sunnyvale, testified that if the Town of Sunnyvale would give up the idea of installing a municipal plant and give him a franchise, he would pay \$20,000.00 for the Sunnyvale Water Company's plant or system.

A protest having been received by the Commission from a resident of Sunnyvale, stating that a member of the Board of Trustees was also a stockholder in the water company, the Commission inquired carefully into that, and the testimony showed that, while Colonel H. R. Fuller, one of the Trustees, is a stockholder in the water company, he had declined to vote when the proposition came up of purchasing the water plant or system.

Several residents and property owners of Sunnyvale testified that it was to the interest of the Town of Sunnyvale

and the residents thereof to have this transfer of the Sunnyvale Water Company's property to the Town of Sunnyvale approved; the party who filed the protest was notified of the hearing by the Commission and requested to be present, but did not appear.

The testimony further showed that the water for Sunnyvale had heretofore been and is at present being purchased from a well owned by the Joshua Hendy Machine Works, but that the Town of Sunnyvale has advertised to purchase an acre of land upon which it proposes to sink its own wells, and had sold bonds sufficient to purchase the plant of the Sunnyvale Water Company and complete the municipal plant by the purchase of the land and the sinking of the wells.

The Commission approves with some hesitation the action of the Board of Trustees in purchasing this plant at book value, as the conviction is forced upon it that there must necessarily be some depreciation. But, in view of all of the facts of the case, as recited above, and in view of the apparent honesty of intention on the part of the Board of Trustees to protect the interests of the Town of Sunnyvale, I shall recommend that the application be granted.

The Town of Sunnyvale has recently voted itself within the jurisdiction of the Railroad Commission of the State of California.

I find as a fact that it will be to the interests of the people of Sunnyvale to grant the application and permit the Sunnyvale Water Company to sell its water plant or system to the Town of Sunnyvale.

I recommend the following Order:-

ORDER

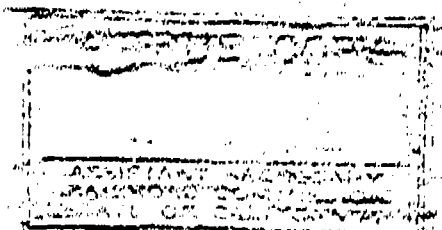
The Sunnyvale Water Company, of Sunnyvale, Santa Clara county, California, having applied for permission to sell and transfer its water plant or system to the Town of Sunnyvale for

the sum of \$16,039.67; and it appearing, for reasons recited in the Opinion which precedes this Order, that the interests of the people of Sunnyvale will best be served by permitting this transfer;

IT IS HEREBY ORDERED: That the Sunnyvale Water Company, of Sunnyvale, California, be and it is hereby granted permission to sell and transfer its water plant or system to the Town of Sunnyvale, for the consideration of \$16,039.67.

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 April, 1914.



John M. Eschleman
H. H. Leland
Ellis Gordon
Max Thelen
Edwin C. Edgerton

Commissioners.