

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Case No. 25119

In the matter of the Application of the CITY OF SANTA MONICA, a municipal Corporation, for an order of the Railroad Commission fixing and determining the just compensation to be paid to OCEAN PARK WATER COMPANY for its lands, property and rights.

Application No. 1561.

Victor R. McLucas and John Mellen for City of Santa Monica.
Tanner, Odell, Odell and Teft by S. W. Odell for Ocean Park Water Company.

TERLEN, Commissioner.

O P I N I O N.

This is a proceeding to fix and determine the just compensation to be paid by City of Santa Monica for the lands, property and rights of Ocean Park Water Company, a public utility, engaged in the business of selling water for domestic, municipal and to a slight extent, for irrigation purposes in the City of Santa Monica and in the City of Venice, Los Angeles County. This proceeding is brought under the provisions of Section 47 of the Public Utilities Act.

The petition filed by City of Santa Monica alleges, in effect, that the City is a municipal corporation duly organized and existing under the laws of this state; that it has a population of approximately 12,000 people and that its inhabitants derive water for domestic use from various wells and springs located in and around the City of Santa Monica, and owned and operated by certain water companies, including Ocean Park Water Company; that by reason of Santa Monica's rapid growth it has been difficult for the owners of these water systems to secure funds for making the necessary extensions, additions and replacements to their respective systems; that the City Council of Santa Monica finds that the public

Interest and convenience of the City require the acquisition and construction of a municipal water system and that the City of Santa Monica intends to acquire each of said water systems by eminent domain proceedings; and that the necessary ordinance preliminary to the bringing of this proceeding has been adopted by the City Council. The City asks that the Railroad Commission fix and determine the just compensation to be paid for the lands, property and rights of Ocean Park Water Company, in accordance with the provisions of Section 47 of the Public Utilities Act.

Ocean Park Water Company and Title Guarantee and Trust Company filed their answer herein alleging, in effect, that Title Guarantee and Trust Company is the trustee under a deed of trust issued by Ocean Park Water Company, and denying that Exhibit "B" attached to the application contains a full and accurate statement of the properties of the Water Company. They allege that they have caused a full and complete inventory of the property to be prepared and that copies of such inventory are attached to the answer, the inventory listing properties in the City of Santa Monica being marked "Exhibit A" and the inventory listing properties in the City of Venice being marked "Exhibit B". Defendants also attach to the answer a statement marked "Exhibit C," giving an inventory and appraisal of ~~xxx~~ property which ^{is claimed to have been} ~~was~~ necessarily purchased and used in the upbuilding of the business and which is not now in use.

At the public hearings in this proceeding, held in the City of Santa Monica, it was stipulated that the evidence in Application No. 1562, being a similar valuation proceeding affecting Irwin Heights Water Company, and Application No. 1564, being a similar application affecting City Water Company of Ocean Park, might be considered as having been offered in the present proceeding. It was also stipulated that the evidence presented in Case No. 703, Shelley vs. Ocean Park Water Company, might be considered as having been offered in this proceeding. Briefs were filed and

this application is now ready for decision.

Ocean Park Water Company secures its water from two wells, one located in Santa Monica at the intersection of Highland Avenue and the city limits between Santa Monica and Venice, and the other located at 7th Street and Rose Avenue in Venice. At the Highland Avenue plant the company has one bricked well about 8 feet in diameter to a depth of about 40 feet and four wells of a depth of about 30 feet each in the bottom of the first well. This well has been pumped by the Water Company for about 8 years. The Rose Avenue well is a 39 inch reinforced concrete cylinder about 40 feet deep, and at the bottom thereof are two 12 inch double cased wells each 30 feet deep. The Water Company owns a reservoir in Santa Monica, which reservoir is used jointly by Ocean Park Water Company and City Water Company of Ocean Park. City Water Company of Ocean Park owns no reservoir. Ocean Park Water Company owns a distributing system lying in the southwestern portion of the City of Santa Monica and the northerly portion of the adjacent territory in the City of Venice.

The Water Company supplies water for domestic and municipal purposes, and to a slight extent for irrigation. The Water Company reports in its annual report for the year ending December 31, 1914, that it has 1062 connections for private consumers and 34 connections for municipal purposes, and that it has 70 meters installed.

At the hearing the City filed an amended inventory and also additions to the amended inventory, which amended inventory and additions thereto were substituted for Exhibit "B" attached to the petition herein. It was also stipulated that any additional property which might be discovered during the hearing might be added to the property described by the City, it being understood that it is the purpose of the City to acquire and of the Water Company

to dispose of the entire property of the Water Company in Santa Monica and in Venice, except the Water Company's corporate franchise. Attached hereto and marked "Exhibit No. 1," is a list of the entire property of the Water Company, in so far as I have been able to determine the same from the evidence herein.

E. J. Vawter, Jr., President of the Water Company, testified that, in his opinion, the fair value of all the property as a going concern is \$115,000.00. This is the value claimed for the property in the Water Company's brief herein. The City of Santa Monica in its brief claims that the total value is \$52,591.30.

I shall discuss the various elements of value herein under the following heads:

1. Lands.
2. Physical structures and improvements.
3. Water rights.
4. Going value.

1. LANDS.

The City accepted the land values testified to by Mr. Vawter as follows: Lots 17 and 18, Block "C", Vawter's Marine Street Tract..... \$1987.50

Lots 23 and 24, Block "C", Howard Sub-division.....	3600.00
Lots 10 and 11, Block "A" Tract 2352....	2634.00
Rights of way - 7 parcels.....	<u>700.00</u>
	\$8921.50

These values do not include an allowance for developed water nor do they include the water rights detached from land hereinafter referred to.

I desire to draw attention, in this connection, to the fact that the entire Rose Street property, consisting of two lots

and the well located thereon, were leased by Santa Monica Commercial Company to Ocean Park Water Company on July 1, 1913, with an option to purchase for \$3000.00, and that on April 23, 1915, during the hearings herein, this property was conveyed by Santa Monica Commercial Company to Ocean Park Water Company for the consideration of \$5000.00. The stockholders in the Water Company and Santa Monica Commercial Company are largely the same, and the Water Company claims that this was largely a family transaction. When it is remembered, however, as will hereinafter be pointed out, that the Water Company has as yet acquired no right, as against protesting land owners owning lands over the water bearing strata, to take water from this property and convey it off the water bearing strata for sale to the public, I am not at all certain that the price agreed to be paid does not fairly represent the value of the property at the time the option was given.

2. PHYSICAL STRUCTURES AND IMPROVEMENTS.

Mr. C. S. Burns, appearing for the Water Company, presented as Water Company's Exhibit No. 1, an estimate of reproduction cost new, and depreciated reproduction cost of the Water Company's properties in ^{Santa Monica} Venice, and he also presented as Water Company's Exhibit No. 2, an estimate of reproduction cost and of depreciated reproduction cost of the Company's properties in Venice. The estimates of physical properties and structures contained in these exhibits are as follows:

	<u>Estimated Reproduction Cost</u>	<u>Estimated Depreciated Reproduction Cost.</u>
Santa Monica.	\$ 62,592.09	\$55,063.22
Venice.	<u>14,774.87</u>	<u>13,301.74</u>
	\$ 77,366.96	\$68,364.96

Mr. C. S. Mellen, the Water Company's General Manager, thereafter presented an estimate of ~~the~~^{the} value of the property showing a value somewhat less than that presented by Mr. Burns. As Mr. Mellen's estimate is based largely on quantities and prices supplied by other people and does not represent his own independent judgment, it will not be necessary to refer to this estimate.

Mr. James Armstrong, ^{one of} the Railroad Commission's assistant hydraulic engineers, presented an estimate of the cost to reproduce the physical structures and improvements, together with the estimated depreciated reproduction cost, as follows:

	Estimated repro- duction cost	Estimated depre- ciated repro- duction cost
Santa Monica	\$45,227.00	\$34,714.00
Venice	<u>9,797.00</u>	<u>8,685.00</u>
	\$55,024.00	\$43,399.00

The inventories used by these engineers were not complete. The following items should be added to the property listed in Mr. Armstrong's inventory:

- (a) In Santa Monica: 1 manhole, a compensator, concrete foundation for pump and motor, Bronze pump runners, 3 fire hydrants and large valves.

The estimated reproduction cost of these items is \$1062.00 and their estimated depreciated reproduction cost is \$615.00.

- (b) In Venice: Switchboard and wiring, pump and motor foundations, 4 fire hydrants, wire wound screen well pipe and large valves.

The total estimated reproduction cost of these items is \$559.00 and their estimated depreciated reproduction cost \$315.00.

Mr. Armstrong's revised estimates are accordingly as follows:

	<u>Estimated repro- duction cost</u>	<u>Estimated depreciat- ed reproduction cost.</u>
Santa Monica	\$44,269.00	\$35,527.00
Venice	<u>10,156.00</u>	<u>8,996.00</u>
	\$54,445.00	\$44,525.00

The chief item of difference between Mr. Burns and Mr. Armstrong lies in the paving cost. Mr. Burns has included an allowance for all the paving which now lies over the mains and pipes of the Water Company, even though it was laid subsequent to the laying of the mains and services, without any expense to the Water Company. Mr. Armstrong has allowed paving only where it was actually cut through by the Water Company, in accordance with this Commission's decision in Application No. 1141, In the Matter of the Application of Marin Municipal Water District for an order fixing and determining the just compensation to be paid to Marin Water and Power Company for its lands, property and rights, ^{decided April 9, 1915.} Mr. Burns also includes an allowance of \$2,000.00 for preliminary expenses, which allowance Mr. Armstrong undertook to cover in his overhead percentages; also an allowance of 5 per cent for special fittings on pipes, whereas Mr. Armstrong included an allowance for this item in his unit costs for pipe, which costs the Water Company accepted; also, Mr. Burns estimated depreciation on the sinking fund basis, while Mr. Armstrong estimated it on the straight line basis.

3/ WATER RIGHTS.

As already stated, Ocean Park Water Company secures its water from its Highland Avenue well, in Santa Monica, and its Rose Avenue well, in Venice. The Water Company claims that the Highland Avenue plant has a capacity of 54 miner's inches and the Rose Avenue plant a capacity of 40 miner's inches. There was no direct testimony as to the amount of water actually used by

its consumers, except the general statement that the maximum use during the summer time from the system was about one million gallons per day. This would be the equivalent of 77.1 miner's inches. Attention should be drawn in this connection to the fact that no water was used by the Water Company from the Rose Avenue plant prior to July, 1913, and that prior thereto the water from this plant was used entirely on the land on which it was located, for the purpose of irrigation. It follows that, assuming for the sake of ^{the} argument that the prescriptive right to the use of water, ^{might be secured} from the Rose Avenue well, no such right has been secured. In the period during which the Rose Avenue well was used for the purpose of irrigation on the land on which it was located, no prescriptive right could arise, for the reason that the owner was simply using percolating water, in accordance with the rights of each land owner over the water bearing strata and that no use adverse to any one could thus arise. (Katz vs. Welkinshew, 141 Cal. 116). While a right as against others to continue to take water from the Rose Avenue well for conveyance elsewhere and sale to the public may ultimately arise, it is clear that no such right has as yet ripened.

The Water Company owns and the City desires to acquire the rights to all water, whether it be percolating or in defined streams or otherwise, under Blocks "A", "B" and "C" of the Vawter Marine Street Tract, reserved to the Water Company in deed to Santa Monica Commercial Company, dated April 5, 1906, together with certain other rights specified in said deed. The Water Company also owns and the City desires to acquire all the water in and under Tract No. 2352, in the City of Venice, conveyed to the Water Company by Santa Monica Commercial Company by quit claim deed dated ~~April~~ February 10, 1915.

Santa Monica Commercial Company by the same deed conveyed to Ocean Park Water Company all water in and to all other lands theretofore conveyed to any person or persons by Santa Monica

Commercial Company by deeds in which reservations were made of water or water rights. The testimony shows that several hundred lots are affected by this provision and that the Water Company will give a good and sufficient deed conveying water rights in all these lots, although they are not particularly described in the record.

Some value must be allowed in these proceedings for these rights, but what that value shall be is difficult to determine. Mr. C. S. Mellen, the Water Company's General Manager, testified that, in his opinion, the rights reserved in the 20 acres constituting Vawter's Marine Street Tract, in Santa Monica, and Tract No. 2352, in Venice, are worth \$20,000.00, being \$1000 for the rights reserved in connection with each acre. When it is remembered that the City Water Company of Ocean Park paid \$1000 per acre for the fee, including all water and water rights, for the land on which its "Dandy" well is located, it would seem that Mr. Mellen's estimate is extremely optimistic. The testimony shows nothing with reference to the water bearing character of these lands, except that one attempt has been made by the Water Company to drill a well in this property and that this attempt was a failure.

The facts surrounding the production of water in and about Santa Monica and the question of the value of the right to pump and divert water in connection therewith, in so far as necessary for these cases, have been fully discussed in the opinion this day being rendered in Application No. 1562, being the application of the City of Santa Monica for an order fixing and determining the just compensation to be paid to Irwin Heights Water Company. It would be ~~surplusage~~ surplusage to repeat this discussion here. Reference is hereby made to the opinion in Application No. 1562.

4. GOING VALUE.

The Water Company claims an allowance of \$15,202.00 for going value, from which should be deducted an indeterminate amount for interest during construction. This sum is claimed to represent the difference between the value to a purchaser of the plant as it now stands and the cost of building up a plant to serve the same territory and of building up the business. The estimate assumes a construction period of two years, whereas one year is undoubtedly sufficient. The estimate must be reduced in this amount.

The Water Company also presents, as Exhibit "C" attached to the answer, a statement of property heretofore used in the development of the business but now lost, excepting the salvage value, the total amount lost being claimed to be \$7498.00. This statement is presented as illustrative of expenses incurred in building up the business. ^{With} the contention that an investor will always be willing to pay a bonus for an established business we can not agree. If the established business is being conducted at a loss or at but a very slight profit, the investor will be likely either to discount the value of the physical property or to go elsewhere and invest his money where he can receive the usual rate of return. It is not an answer to say that he will buy the property and pay a higher value for it on the chance that he can persuade the public authorities to increase the rates. It may well be that there are good reasons why the rates can not be increased, as, for instance, that the property is overbuilt or that the rates being collected are already as high as the consumer can reasonably be called upon to pay. Hence, it becomes necessary, when claims are made for going value, to analyze the finances of the utility to see whether such claim finds support in the facts as they actually exist.

The annual report of the Water Company for the year ending December 31, 1913, shows an operating revenue of \$17,710.79, with operating expenses amounting to \$17,326.38, thus showing a net revenue available for the payment of interest amounting to only \$384.41. The sum of \$17,326.38 reported as operating expenses includes \$2851.99^{for depreciation.} The annual report for the year ending December 31, 1914, shows an operating revenue of \$18,521.29, and operating expenses amounting to \$17,831.34, thus showing a net operating revenue of \$689.95. The operating expenses thus reported include \$2981.81 for depreciation. The Company reports that it received \$720.00 for the rent of its reservoir, thus making a total gross corporate income of \$1409.95 to meet a payment of \$3040.04 for interest on the bonds and certain additional interest. The Water Company has bonds of the face value of \$50,000.00 outstanding, bearing interest at the rate of 6 per cent per annum. The Company thus reports a deficit after making allowance for the interest, of \$1630.09. Whether these computations are all entirely correct, it is not necessary here to determine. Suffice it to say that the Water Company claims that it is operating under a material deficit and has asked the Railroad Commission to increase its rates. The rates now charged are the same as those which were established by General Ordinance No. 48 of the City of Santa Monica for the year 1908 to 1909. Although the force of that ordinance was spent, under the provisions of Section 1 of Article XIV of the Constitution, at the termination of one year, the Water Company has nevertheless continued to charge the same rates and there is no record of any attempt to increase the rates. These are all matters to which careful consideration must be given in determining the value of the property as a going concern.

The tangible items of this property are the physical structures and improvements, estimated by Mr. Burns, including paving which the Company did not lay, to have a depreciated re-

production value of \$68,564.96, and by Mr. Armstrong to have a depreciated reproduction value of \$44,525.00, and the lands, having an agreed value of \$8921.50. This property is being taken in its entirety as a going concern, and it is not possible to segregate the different elements which enter into the value and to assign to each element a particular value. If we may assume a depreciated reproduction value of \$50,000.00 for the physical structures and improvements, as part of the going concern, and add thereto an allowance of \$8921.50 for the lands as part of the going concern, we would have a total of \$58,921.00 as the entire value of the tangible property.

I refer to this matter for the reason that I was much impressed by the evidence of the President of the Water Company and by his estimate of tangible values, but find myself unable, after a careful consideration, to find a value for the entire property approximating the value testified to by him. When consideration is given to the effect which the establishment of the value claimed by him would have on the rates which have been in effect for a long time under this system, and to the necessity for ~~improvements~~ improvements in this system as directed in Case No. 703, Shelly v. Ocean Park Water Company, by decision this day being rendered, I am hopeful that the Water Company's officers will agree, on reflection, that the value of the property is considerably less than the amount which has heretofore seemed to them fair and equitable.

I recommend the following findings:

F I N D I N G S.

CITY OF SANTA MONICA, an incorporated city, having filed with the Railroad Commission a petition setting forth the intention of the City to acquire under eminent domain proceedings the lands, property and rights of OCEAN PARK WATER COMPANY, a public utility, and asking the Railroad Commission to fix and determine the just compensation to be paid to Ocean Park Water Company for the public utility and the lands, property and rights thereof, and public hearings having been held, and the Commissioner who heard the

evidence having made a personal inspection of the wells, pumping plants, reservoir and a portion of the distributing system of said Ocean Park Water Company, and being fully apprised in the premises,

THE RAILROAD COMMISSION HEREBY FINDS AS A FACT that the just compensation to be paid by the City of Santa Monica to Ocean Park Water Company for all of said Company's lands, property and rights, other than the right to be a corporation, as said lands, property and rights are described in Exhibit No. 1, which is attached hereto and made a part hereof, is the sum of seventy-seven thousand five hundred dollars (\$77,500.00).

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

Dated at San Francisco, California, this 3rd day of June, 1916.

Max Sheler
A. H. ...
...
Edwin O. Edgerton
Frank ...

Commissioners.

EXHIBIT No. 1

All the lands, property and rights of Ocean Park Water Company, other than the right to be a corporation, more specifically described as follows:

L A N D S

Parcel No. 1

Lots 17 and 18, Block "C" of the Vawter Marine Street Tract, City of Santa Monica, as per map recorded in Book 9, page 144 of Map Records of Los Angeles County, California.

Parcel No. 2

Lots 23 and 24, Block "C" of F. P. Howard's Subdivision of Blocks 24 and 25 of the Lucas Tract, South Santa Monica, as per map recorded in Book 10, page 9, Miscellaneous Records of Los Angeles County, California.

Parcel No. 3

Lots 10 and 11, in Block "A" of Tract No. 2352, Venice, as per map recorded in Book 22, at page 124 of Maps, Records of Los Angeles County, California.

Parcel No. 4

The right to construct, own and maintain water mains in and along the westerly portion of the Arcadia Tract, in the City of Santa Monica, the same to be as near as may be to the westerly line of said tract and not less than 16 inches under ground and surface left smooth, with the right to repair and construct the same, granted to Ocean Park Water Company by W. G. Cochran, Anna M. Cochran, Benito Guerra, Lucy Guerra, Alberta I. Braut and Lewis E. Braut by deed dated September 29, 1906, and recorded on October 1, 1906, in Book 2803 of Deeds, at page 141, Records of Los Angeles County, California.

Parcel No. 5

The right to lay a line of water pipe across Lots 2 and 5,

in Block "M" of the Santa Fe Tract, in the Town of Santa Monica, between Bellona Avenue and Cherry Street, as per map recorded in Book 18, page 17, Miscellaneous Records of Los Angeles County, granted to Ocean Park Water Company by Santa Monica Commercial Company by deed dated September 8, 1904, and recorded on September 19, 1904, in Book 2088 of Deeds, at page 220, Records of Los Angeles County, California.

Parcel No. 6

The right to construct, own and maintain water mains in and along the westerly portion of Arcadia Tract, in the City of Santa Monica, the same to be as near as may be to the westerly line of said tract, with the right to repair and construct the same, granted to Ocean Park Water Company by N. M. Fillmore and Mrs. Anne Fillmore, by deed dated October 10, 1906, and recorded on October 16, 1906, in Book 2818 of Deeds, at page 156, Records of Los Angeles County, California.

Parcel No 7

The right to construct, own and maintain water mains in and along the westerly portion of the Arcadia Tract, in the City of Santa Monica, the same to be as near as may be to the westerly line of said tract, with the right to repair and construct the same, granted to Ocean Park Water Company by John C. Ince and Minnie F. Ince by deed dated January 17, 1907, and recorded on January 23, 1907, in Book 2906 of Deeds, at page 254, Records of Los Angeles County, California.

PHYSICAL STRUCTURES AND IMPROVEMENTS.

Property Located in Venice:

<u>Item</u>	<u>Quantity</u>	<u>Unit</u>
<u>Rose Avenue Pumping Plant</u>		
3 1/2" B.J. 2 stage vert. Comp. with 35 H.P. Motor, complete	1	lot
39" Reinforced concrete well shaft with 2-40'-12" #12 Well	1	"
6" Sand Trap Frame buildings	1	"
Frame buildings	1	"

<u>Item</u>	<u>Quantity</u>	<u>Unit</u>
<u>Pipe Lines</u>		
2" S.S. Blk. Pipe	16264	Foot
4" " " "	354	"
4" O.D. Casing	4032	"
6" O.D. Casing	1688	"
<u>Meters</u>		
5/8" Meters	16	each
1" " "	1	"
3" " "	1	"
<u>Services</u>		
1/2" Galv. Services	158	"
3/4" " "	75	"
1" Blk. " "	1	"
2" " " "	1	"
4" " " "	1	"
<u>Fire Hydrants and Flush Tank</u>	1	Lot

Property Located in Santa Monica:

Highland Avenue Plant

40 H.P. Motor, complete	1	each
4" B. J. 2 stage Vert. Cent. Pump on 36' steel frame	1	"
Pipe and fittings for above	1	lot
56' of 2 ply leather belting	1	each
Brick and concrete well Pit	1	"
12" - #12 cased Wells, each 39' deep	4	"
Frame buildings	1	lot

Concrete Reservoir (Reinforced)

Conc. and Excav. for Reser., steps and retaining walls,	1	"
Roof, (lumber, screening, etc.)	1	"
Pipe and fittings	1	"
Electric alarm system	1	"
Overflow	1	"

Pipe Lines

1" S.S. Pipe, black	1076	foot
2" " " "	26069	"
6" " " "	20	"
4" O.D. casing	17557	"
6" " " "	1847	"
8" " " "	804	"
10" " " "	3150	"
6" #14 R.S.	550	"

Meters

5/8" Meters	32	each
3/4" " "	11	"
1" " "	1	"
2" " "	3	"

<u>Item</u>	<u>Quantity</u>	<u>Unit</u>
Services		
1/2" Galv. Service	576	each
1/4" " "	169	"
1/2" " "	4	"
3/4" " "	6	"

Hydrants

2" - not standard	1	lot
Manholes, 11 in all, 5' to 7' deep	1	"

Office Equipment, Maps, Plats, Books,
and other Records.

Horse, Wagon and Harness

Tools

Meters, Pipes and Fittings in Stock

ALL WATER RIGHTS OWNED BY OCEAN PARK WATER COMPANY,

INCLUDING:

1. All water and water rights developed and being developed at Highland Avenue wells and Rose Avenue wells.
2. All water, whether it be percolating or in defined streams or otherwise, in or under Blocks A, B and C of the Vawter Marine Street Tract, as per map recorded in Book 9, page 144, of Map Records of Los Angeles County, California, together with the exclusive right to lay and maintain all water pipes in said lots and to supply all water used thereon, reserved by Ocean Park Water Company in deed to Santa Monica Commercial Company, dated April 5, 1906, and recorded on May 1, 1906, in Book 2671 of Deeds, at page 70, Records of Los Angeles County, California.
3. All water in and under that tract of land particularly described as Tract No. 2352, in the City of Venice, County of Los Angeles, State of California, as per map recorded in Book 22, page 124, of Maps, whether said water be percolating or in defined streams or otherwise, also all such water in or under any lands which have heretofore been conveyed by Santa Monica Commercial Company to any person, persons or corporations in which reservations have been made of such water or water rights and situate

in the City of Santa Monica and the City of Venice, together with the right to extract said water and to sell or use any water for any purpose whatsoever, together with all reservations heretofore made and all reservations that may be hereafter made concerning water in deeds and contracts wherein Santa Monica Commercial Company has reserved or may hereafter reserve the exclusive right to lay and maintain all water pipes upon any land, and to supply all water used thereon, all as provided in quit claim deed dated February 10, 1915, from Santa Monica Commercial Company to Ocean Park Water Company, recorded on February 23, 1915, in Book 5968 of Deeds, at page 338, Records of Los Angeles County, California.