

Decision No. _____

ORIGINAL

Decision No. 2607

STATE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
the UNION HOLLYWOOD WATER COMPANY,)
a corporation, and the BOARD OF PUBLIC)
SERVICE COMMISSIONERS OF LOS ANGELES,)
a municipal corporation, for an order)
authorizing the lease of, and options)
to purchase, public utility property.)

Application No. 1772.

Sheldon Borden and Walter F. Haas, for the
Union Hollywood Water Company

W. B. Mathews and William B. Himrod, for the
City of Los Angeles

DEVLIN, Commissioner:

O P I N I O N

Union Hollywood Water Company is engaged in the distribution of water in the western portion of the City of Los Angeles, and also, in territory lying to the west and south of said City, in the County of Los Angeles. In this application Union Hollywood Water Company seeks the authority of this Commission under Section 51(a) of the Public Utilities Act to lease a portion of this system to the City of Los Angeles, the latter to have, also, an option to purchase said portion of the Company's system. The Company asks authority also to give to the City an option to later purchase that portion of the system which is not leased. The City of Los Angeles, through its Board of Public Service Commissioners, has joined in this application.

Attached to the application as "Exhibit B" is an agreement executed between Union Hollywood Water Company and the Board of Public Service Commissioners of the City of Los Angeles, under the terms of which the Company agrees to lease a portion of its system to the City, with an option to purchase, and also grants to the City an option to purchase that portion of the system which is not leased. The consent of the Commission is sought to the transactions, which are the subject of the agreement attached to the application as "Exhibit B."

That agreement describes the property which is the subject thereof under the head of (1) Leased System and (2) Retained System, as follows:

LEASED SYSTEM

Item 1: Pipe system within the present corporate limits of the City of Los Angeles.

Item 2: Pipe system west of the present corporate limits of the City of Los Angeles, and south of Wilshire Boulevard.

Item 3: Fourteen inch steel riveted pipe on Santa Monica Boulevard extending west from present city limits to Fairfax Street;

Eighteen inch steel riveted pipe on Fairfax street extending north from Santa Monica Boulevard to the present city limits;

Eighteen inch steel riveted pipe on Santa Monica Boulevard extending westerly from Fairfax Street to the northerly line of the Water Company's Sherman lands.

That certain pipe consisting partly of 4" O.D. casing and partly of 2" standard screw pipe and ten service and nine meters appurtenant thereto; said pipe extending from the northerly terminus of the 4" main on La Brea Avenue, westerly for a distance of about 488 feet, and easterly for a distance of about 380 feet and northerly for a distance of about 260 feet.

Item 4: Services and meters in place, fire hydrants and rights of way appurtenant to the foregoing Items 1 and 2, and rights of way appurtenant to the foregoing Item 3.

Item 5: Right of way wherein so-called "Soldiers Home Pipe" is laid.

Item 6: Maps and books appurtenant to said leased system above described, and also personal property consisting of tools, trucks, automobiles, live stock, etc., a list of said personal property to be hereafter made out, approved by the President of the said Water Company and Chief Engineer of said Board, and identified by their signatures and thereafter to constitute a part of this indenture.

Item 7: The real estate located at the corner of Franklin and Los Palmas Avenues, now occupied by the pipe yards and shop of the Water Company, being lot ten (10) in block two (2), Hollywood Ocean View Tract, according to map thereof recorded in Book 1, Page 62 of Maps, Records of Los Angeles County, California.

RETAINED SYSTEM

Pipe system west of present corporate limits of the city of Los Angeles, and north of Wilshire Boulevard (excepting the property embraced in its Item 3 aforesaid), said Retained System comprising the remaining portion of the distributing system of said Water Company, together with services, meters and rights of way appurtenant to said Retained System.

The consideration for the lease of the property is \$20,000 per month. \$25,000 is to be paid upon the execution of said agreement as consideration of the option of the City to purchase the entire system at any time to and including November 30, 1916. The price at which the Leased System is to be sold in case the option is exercised, is \$530,408 with interest at the rate of 6 per cent per annum from June 1, 1915, until the date of payment. The price at which the Retained System is to be sold in case the option is exercised is \$38,000, to which is to be added the reasonable value of all renewals, improvements, additions (including services and meters), extensions and betterments of or to said Retained System, made by said Water Company since June 2, 1915, and prior to the exercise of the option and consummation of the

purchase, exclusive, however, of certain specified trunk lines.

I find no objection to the transactions contemplated in this agreement, provided that the lessee will file with this Commission a stipulation that it will assume all the obligations of service from the Leased System, which at present rest upon Union Hollywood Water Company, and will give adequate and complete service to the consumers from this Leased System. And also provided, that it is clearly understood that the Commission's approval to the arrangement contemplated in this contract in no way restricts the jurisdiction of the Commission to completely regulate the rates and service for supply of water outside the municipal limits of Los Angeles.

I accordingly recommend that this application be granted, and submit the following form of order:

ORDER

This proceeding having come on regularly for hearing and the Commission being duly advised,--

IT IS HEREBY ORDERED that Union Hollywood Water Company be, and it is hereby, authorized to lease and to sell its water system in accordance with the terms and conditions of that certain contract executed between Union Hollywood Water Company and the Board of Public Service Commissioners of the City of Los Angeles, a copy of which contract is attached to the application in this proceeding and marked "Exhibit B," upon the following condition, and not otherwise:

This order shall not become effective until the City of Los Angeles shall have filed with this Commission a stipulation, that it will assume all the obligations of service

from the Leased System, which at present rest upon Union Hollywood Water Company, and will give adequate and complete service to the consumers from this Leased System.

It must be clearly understood also that this order of the Commission in no way restricts or impairs the jurisdiction of the Commission to completely regulate the rates and service for supply of water outside the municipal limits of the City of Los Angeles.

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 16th day of July, 1915.

H. W. Ireland
Alex. Gordon
Edwin O. Edgerton
Frank R. Wilson
Commissioners.