

Decision No. 273-----

In the matter of the application  
of the Pasadena Lake Vineyard Land  
& Water Company for authorization  
to sell all of its property ex-  
cepting its commercial and corporate  
books, its cash on hand and in the  
banks, its bills and accounts re-  
ceivable, and its stock in corpora-  
tions, to the City of Pasadena, and  
of the City of Pasadena to make said  
purchase.

Application No. 222.

ORIGINAL

William J. Carr for City of Pasadena.  
W. S. Wright for Pasadena Lake Vineyard  
Land and Water Company.

THELEN, Commissioner.

O P I N I O N.

This is one of three applications made by the City of  
Pasadena to buy and <sup>by</sup> three water companies to sell all the property  
of said water companies except their commercial and corporate books,  
their cash on hand and in the banks, their bills and accounts re-  
ceivable, and their stock in corporations. The other applications  
are No. 223, North Pasadena Land and Water Company, and No. 238,  
Pasadena Land and Water Company.

These three companies serve at least 95% of the people  
of Pasadena with water and also a portion of the City of South  
Pasadena and some outlying territory. They derive their water  
from gravity water in the Arroyo Seco and from wells in various  
localities.

On June 27, 1912, the electors of the City of Pasadena  
authorized the city, by a vote of approximately 10 to 1, to incur  
a bonded indebtedness of one million two hundred and fifty thousand  
(\$1,250,000.00) dollars for the acquisition of a water works and  
system to supply the city and its inhabitants with water. The city  
has made definite offers to each of these three water companies for  
the property hereinbefore referred to and these offers have been  
accepted by each of the companies at stockholders' meetings at

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which more than two-thirds of the respective stockholders voted in favor of accepting the city's offer.

The city's offer in each case was based on inventories prepared by it with great care, showing the age of the different items constituting the property of the water companies, such as reservoirs, pipe, meters, etc., the present cost of reproduction, the depreciation and the present value. Certain items such as business value and water assets have been added to represent the value to the city of being able to take over the properties now and the cost to the city of developing other sources of water supply if it did not purchase the properties/of the present water companies. As the work in this connection has been thoroughly done and is satisfactory to all parties concerned, the Commission did not make the careful examination into the value of the property to be sold as it would if this were a sale by one public utility to a second privately owned utility. As all the three water companies are to go out of existence shortly after the respective sales are consummated, and as the price to be paid by the city is based on actual value of the property and not on capitalization, no inquiry was made by the Commission into the stocks, bonds or other financial affairs of the three water companies.

The companies each serve some territory outside of the municipal limits of Pasadena. The Pasadena Lake Vineyard Land and Water Company serves one ranch outside the city limits, the Pasadena Land and Water Company serves a portion of the city of South Pasadena and the North Pasadena Land and Water Company serves a small area in Altadena outside of the city limits of Pasadena. The City of Pasadena stipulated upon the hearing that it takes the property of these three water companies subject to all legal claims for water which might have been enforced against these companies, including the claims affecting territory outside of the city limits of Pasadena.

The written agreements between the city and these companies will contain a similar provision. The City will, upon execution of the same, file with the Commission certified copies of these agreements.

The price agreed upon between the City of Pasadena and Pasadena Lake Vineyard Land and Water Company for the property which the city desires to buy from the water company is \$621,622.31 plus betterments since May 1, 1912 less depreciation since said date.

I find that public convenience and necessity will be served by the grant of this application and submit herewith the following form of order.

O R D E R.

Pasadena Lake Vineyard Land and Water Company having filed with the Commission its application for authority to sell all of its property except its commercial and corporate books, its cash on hand and in the banks, its bills and accounts receivable and its stock in corporations, to the City of Pasadena for the sum of \$621,622.31 plus the value of betterments since May 1, 1912 less depreciation since said date, and the City of Pasadena having filed its application for authority to purchase said property for said sum, and a public hearing having been held on said applications and the City of Pasadena having stipulated that it will take the property of said company subject to all legal claims for water which might have been enforced against Pasadena Lake Vineyard Land and Water Company, including the claims affecting territory outside of the city limits of Pasadena, and the Commission finding that public convenience and necessity will be served by said sale and purchase of said property.

IT IS HEREBY ORDERED that said applications be and the same are hereby granted.

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 14th day of  
October, 1912.

John M. Eschleman

H. D. Loveland

Alfred Gordon

Max Thielen

Edwin O. Edgerton

Commissioners.