

Decision No. _____

ORIGINAL

Decision No. 3067

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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In the matter of the application of)
VENICE OF AMERICA WATER COMPANY)
to acquire from the ABBOT-KINNEY)
COMPANY properties pertaining to)
water service in the City of Venice.)

Application

No. 1921.

R.C. Gortner for applicant.

Charles Fletcher, City Clerk, for
City of Venice.

BY THE COMMISSION.

OPINION.

In this application, ABBOT-KINNEY COMPANY asks authority to sell to VENICE OF AMERICA WATER COMPANY a public utility water system located in City of Venice, Los Angeles County. In payment for the property, Venice of America Water Company asks authority to issue \$500,000 par value of its capital stock.

At the first hearing applicant presented an inventory of the property in question without appraisal and was not fully prepared at the time to present evidence as to cost, depreciation, history and other data needed for the consideration of the Commission. Adjournment was taken to a date to be fixed to enable the engineer for Abbot - Kinney Company

and the engineer for the Commission to agree, if possible, upon an appraisal, and to fully present the entire matter.

A subsequent hearing was set upon the Commission's own initiative for January 5, 1916. It was stipulated at the hearing that from the evidence submitted and from the annual reports on the system, the Commission's engineer should prepare and submit a report upon applicant's property and its appraisal, which report should be used by the Commission for the purposes of the application in lieu of a report by the company's engineer. Applicant requested that the Commission authorize the issue of such an amount of stock as it finds justified from the presentation so made. The engineer of the Commission furnished the following description of the plant.

The water supply is obtained from two wells located on lot fifteen, block two, Vonice Annex No. 2, stored in a 100,000 gallon reservoir located at the plant. The motive power is electric current. The pumping plant, equipment and reservoir are practically new and in good condition. With the exception of the smaller size mains the distribution system is well laid out, the larger mains being principally of cast iron. In 1915, 253 consumers were served, of which about 182 were metered. With the exception of the pumping plant, reservoir and main transmission and distribution pipes, very little information could be obtained as to their present condition or when they were installed. As a consequence, it was not possible to make an accurate estimate as to the amount of accrued depreciation on those items of the plant. The engineer for the Commission estimated the cost new of the physical properties at \$34,793, accrued depreciation being roughly estimated at

\$4,693, leaving \$30,100 as the estimated cost less accrued depreciation. This estimate of the Commission's engineer includes no allowance for a one-half interest in the concrete tunnel proposed to be transferred as one of the assets of applicant, nor any estimate of intangible values.

The annual report of this system for the year ending December 31, 1914, shows fixed capital installed to be \$39,411, with operating revenues at \$14,218.93 and operating expenses at \$11,346.42. Many items of operating expense should have been charged to capital account rather than to operation and vice versa.

The concrete tunnel above referred to was built by Abbot-Kinney Company in 1905 and 1909 and is 5 feet by 6 feet in size and about 1,000 feet long. Applicant's engineer roughly estimated its cost at \$15.00 to \$20.00 per foot. Sufficient detailed information could not be obtained from the books to show its exact cost. The tunnel is being used for a number of different purposes. It occurs to us therefore that it would be more practical for Abbot-Kinney Company to retain the entire title. We are of the opinion that the needs of the Venice of America Water Company, so far as the use of the tunnel is concerned, can be fully satisfied by the execution of a long term lease at a proper reasonable rental.

Abbot-Kinney Company, in selling lots in the townsite of Venice of America, reserved in each deed rights-of-way to lay and maintain any and all pipes deemed necessary or convenient. It was urged that this constituted an asset of great value. It appears, however, that the right reserved has been used but rarely. As the utility has a constitutional right to use the streets for its mains, and the right to lay service pipes in private property is necessarily given by the owner in order to procure

service, the reservation does not seem to us an asset of much value to be considered in connection with the application herein.

After due consideration of the evidence submitted by applicants herein, we have concluded that Venice of America Water Company may issue its common capital stock not in excess of \$35,000.00 for the property described in Exhibit "A" hereto attached, and all rights enjoyed in connection therewith.

O R D E R.

ABBOT-KINNEY COMPANY having applied to the Railroad Commission of the State of California for an order authorizing it to sell its water plant located at Venice, Los Angeles County, to VENICE OF AMERICA WATER COMPANY, and VENICE OF AMERICA WATER COMPANY having asked for an order authorizing it to issue in payment for said property, such an amount of its capital stock as the Commission may deem proper, and a public hearing having been held,

AND IT APPEARING TO THE COMMISSION that public convenience will be served by the conveyance of the properties hereinafter described, and it appearing further that the purposes for which Venice of America Water Company wishes to issue said stock are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Abbot-Kinney Company be, and it is hereby, granted authority to convey to Venice of America Water Company the property described in Exhibit "A" hereto attached and made a part hereof.

IT IS FURTHER ORDERED that Venice of America Water Company be, and it is hereby, granted authority to

issue 350 shares of its capital stock of the par value of \$100.00 each in payment for said property to Abbot-Kinney Company or its assigns.

The authority herein granted both as to the transfer of property and as to the issue of stock is granted upon the following conditions, and not otherwise:

1. The properties and rights referred to shall be transferred by Abbot-Kinney Company free of encumbrance.
2. Venice of America Water Company shall in a form satisfactory to this Commission, stipulate that it will undertake all obligations relating to water service now properly binding upon Abbot-Kinney Company.
3. Before said stock is issued Abbot-Kinney Company shall execute and deliver to Venice of America Water Company suitable instrument, or instruments, conveying to it title to the property described in said Exhibit "A" hereto attached.
4. The authority herein granted shall not be considered or treated in any proceeding before this Commission, or any other tribunal, as a finding by this Commission of the value of the properties to be conveyed for any purpose other than that of the present application.
5. Within thirty days after the transfer herein authorized shall have been made and the stock herein referred to shall have been issued, Venice of America Water Company and Abbot-Kinney Company shall report such fact in writing to this Commission.
6. The authority herein granted shall apply only to

such properties and rights as shall have been transferred hereunder, and to such stock as shall have been issued hereunder on or before March 1, 1916.

Dated at San Francisco, California this 26th day of January, 1916.

H. H. Overland
W. L. Gordon
Edwin Q. Edgerton
Frank R. Decker

Commissioners.

EXHIBIT "A" REFERRED TO AND MADE PART
OF ORDER IN APPLICATION NO. 1921, VEN-
ICE OF AMERICA WATER COMPANY, BEING
PROPERTY TO BE CONVEYED BY ABBOT-KIN-
NEY COMPANY TO VENICE OF AMERICA WATER
COMPANY

REAL ESTATE

Lot 15, Block 2, Venice Annex No. 2
(3380 sq. ft.) 61.46 frontage on Millwood Ave.

PUMP HOUSE

One story frame. Concrete floor. Plastered inside. Floor
space - 1122 sq. ft.

CONCRETE RESERVOIR AND SAND TRAPS

One concrete reservoir, size 33' x 36'
Five concrete sand traps, size 6 ft x 9 ft.
Capacity of reservoir 100,000 gals.
Reservoir covered by frame building.

WELLS IN SERVICE

Two 15" Dia. steel lined wells 190 ft. deep inside of Pump
House building, and the right to use said wells
and the water in them.
Capacity of Wells, 70 inches each.

EQUIPMENT OF PUMP HOUSE

One 2-stage, 6" Horizontal B. J. direct connected pump.
Reservoir to mains.
One single-stage, 4" Horizontal B. J. direct connected pump.
Reservoir to mains.
One single-stage, 3" Horizontal B. J. Direct connected pump.
Reservoir clean out.
One single-stage, 6" Krough direct connected pump.
Wells to sand traps and reservoir.
One single-stage, 4" B. J. Horizontal pump.
Wells to sand traps and to reservoir.

One	5 H.P.	Westinghouse Motor	220 V.	1700 R.P.M.
One	35 H.P.	"	220 V.	1420 R.P.M.
One	50 H.P.	"	220 V.	930 R.P.M.
Two	20 H.P.	"	220 V.	1420 R.P.M.

All with starters.

One 12" x 12" Air Compressor belt driven
 One 36" x 96" Air Receiver with safety valve
 50 Lin Ft. 12" extra heavy belting
 30 " " 4" Rubber water hose
 50 " " 2½" Fire Hose with nozzle
 6 Gauges, Water and Vacuum.
 One Air Receiver on main line (water)

WATER MAINS, SERVICE LINES, VALVES AND CONCRETE MANHOLES

2300 lin. ft. 6" Wrought Iron Pipe
 1000 " " 6" Cast Iron Pipe
 9800 " " 5" Cast Iron Pipe
 4900 " " 4" " " "
 19000 " " 2" Galv. " "
 6000 " " 3/4" " " "

8 6" Gate Valves
 6 5" " "
 10 4" " "
 50 2" " "
 135 3/4" Hose Bibbs - Canal service
 12 Concrete Manholes, Iron cover plates

MATERIAL IN STOCK

Meters, pipe, fittings and Valves.

1/4"	Galv Pipe	3 lengths
3/8"	Blk "	5
3/8"	Galv "	9
1/2"	Blk "	12
1/2"	Galv "	22
3/4"	Blk "	4
3/4"	Galv "	13
1"	Blk "	8
1"	Galv "	12
1½"	Blk "	15
1½"	Galv "	6
1½"	Blk "	27
1½"	Galv "	8
2"	Blk "	14
2"	Galv "	3
2½"	Blk "	2
2½"	Galv "	8
3"	Galv "	11
4"	C I "	2
6"	C I "	3
1/2"	Water Meters	4
1"	" "	4
3/4"	" "	8

Meters Installed

2	4" Trident Crest (Neptune)
11	2" Disk Meters "
10	1½" " " "
9	1" " " "
16	3/4" " " "
131	5/8" " " "
1	6" Turbine Type Worthington

RIGHTS OF WAY

Right to lay water mains in all streets in Venice of America Tract by reservation in all deeds to city of Venice, also same applies to all lots sold in said tract, right being reserved by deeds, to lay pipes and serve water to all lots.

RIGHT IN REINFORCED TUNNEL

The right to use perpetually present concrete tunnel in part of business district of Venice is 5' x 6' and about 1000 feet long, for the entire length thereof, including any future extensions thereof, for the purposes of installing and maintaining therein pipes to convey water to be served to the inhabitants of the City of Venice and vicinity.

ACCOUNTS RECEIVABLE on account of water service

Total accounts receivable Oct. 26, 1915 - \$779.60
(List to be furnished and collections thereof turned over in cash).

Also any and all other property used and useful in the service of water in the City of Venice, including reservoirs, tools, materials, machinery, maps, books, records and papers.