

Decision No. \_\_\_\_\_.

Decision No. 3564

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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ORIGINAL

In the Matter of the Application of )  
COVINA CITY WATER COMPANY )  
for an Order Authorizing it to sell )  
its water plant and system to the )  
City of Covina, City of Covina join- )  
ing in said application. )

Application

No. 2457.

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S.M. Haskins, of Gibson, Dunn and Crutcher, for  
Covina City Water Company;

A.M. Pence, of Gail and Pence, for City of Covina.

LOVELAND, Commissioner.

O P I N I O N .

This is a joint application filed by Covina City Water Company and the City of Covina, a municipality, in which permission of this Commission is asked for the transfer of the water system owned by Covina City Water Company to the City of Covina, County of Los Angeles, California.

The City of Covina has lately had an investigation made by its Engineer, F.E. Trask, covering the plant of Covina City Water Company. Mr. Trask made a report and fixed a price at which he would recommend that the water system be purchased. Subsequent to this report, a bond election was

held and the bonds carried, which provided funds to purchase the water system owned by Covina City Water Company.

Covina City Water Company provided water service to approximately 734 different consumers, 190 of whom live outside of the City of Covina. The water supply is secured through ownership of stock in various mutual water companies.

On July 6, 1916 an offer was made to the City of Covina by Covina City Water Company to sell its entire holdings for \$75,000, but subsequent negotiations reduced this price so that on July 18 the parties arrived at an agreed figure of \$70,000.

Under Application #417 before this Commission, in June, 1913, the property of the Covina City Water Company was thoroughly examined by the engineers of the Commission to determine a proper basis for fixing rates. In Decision #1178, in above Application #417 (Opinions and Orders of C.R.R.C. 3: 1212) this Commission stated that \$78,150 was the price which the engineers of this Commission had found as the estimated reproduction cost new of the physical property, less accrued depreciation, excluding meters and service connections. There have since been added some extensions of pipe line as well as new service connections and meters; but in view of the fact that the transfer is now being made at an agreed price for the entire plant, it is not necessary to list separately these additions, having in mind that accrued depreciation for three years will approximately off-set the additions to capital. It is apparent, therefore, that \$70,000 is not more than a reasonable price for the City of Covina to pay Covina City Water Company for its water system.

As a prerequisite to an Order in this Application this Commission required at the time of the hearing, that the City of Covina file with this Commission a stipulation which would assure consumers living outside of the City of Covina that they would receive as good water service under the new ownership as had been rendered by Covina City Water Company heretofore. Such a stipulation has been filed by the City of Covina in form satisfactory to the Railroad Commission.

Prior to the effective date of the Public Utility Act, Covina City Water Company had issued, and there are now outstanding, bonds amounting to \$135,000. The stock holders and bond holders of this company are identical, the bonds above referred to being held by said stock holders, and it is, therefore, not necessary to designate in the Order the manner in which the \$70,000 shall be apportioned to outstanding bonds and stock. Counsel for the Covina City Water Company assured the Commission at the hearing, that the said bonds would be retired and the trust-deed released, thereby transferring to the City of Covina the property under consideration free and clear of encumbrances, and such retirement of bonds and release of trust-deed is hereby made a condition precedent to this Order in this Application becoming effective.

F. E. Trask, Engineer for the City of Covina, stated at the hearing, that the City plans to install larger mains to serve the district outside of the city, so that service to the consumers in such territory will be greatly improved. It is, therefore, evident that it will be to the best interests of the consumers residing outside of the City of Covina to have the transfer effected.

O R D E R

Covina City Water Company and City of Covina, a municipality, having made joint application to this Commission for permission to transfer the water system of Covina City Water Company to the City of Covina, and a hearing having been held, and it appearing as set forth in the opinion preceding this Order, that the best interests and welfare of the community will be served by the transfer of the property,

IT IS HEREBY ORDERED that Covina City Water Company be authorized to sell to City of Covina, a municipality, the following described property for the sum of \$70,000.

DESCRIPTION OF PROPERTY

First: That certain parcel of real property situated in the county of Los Angeles, state of California particularly described as follows:

Beginning at the southeast corner of the southeast quarter of the northwest quarter of the southwest quarter of section number seven (7) in township one (1) south range nine (9) west S.B.M. and running thence north along the east boundary line of said subdivision of said section number seven (7) one hundred and forty (140) feet; thence west parallel with the south boundary line of said subdivision of said Section number seven (7) three hundred and twenty-three (323) feet; thence south parallel with said east boundary line of said subdivision of said section number seven (7) one hundred and forty (140) feet to the south boundary line of said subdivision of said section number seven (7); thence east along said south boundary line three hundred and twenty-three (323) feet to the place of beginning, containing an area of one and four one-hundredths acres of land more or less, being same

property described in deed from John O. Houser et ux, recorded in Book 1042, Page 101 of Deeds, Records of said County.

Second: That certain parcel of real property situated in said county of Los Angeles particularly described as follows:

All that lot, piece or parcel of land situate, lying and being in the Phillips Tract, County of Los Angeles, State of California, and particularly bounded and described as follows: Beginning at the northeast corner of Lot Three (3), Block one (1), subdivision of Phillips Tract, Rancho La Puente; running thence south  $85^{\circ} 27'$  west one hundred seventy and forty-two hundredths (170.42) feet; thence south Two hundred seventeen and twenty-three hundredths (217.23) feet; thence east one hundred seventy (170) feet; thence north Two hundred twenty-nine and twenty-three hundredths (229.23) feet to the place of beginning; said lot containing one (1) acre of ground, inclusive of road frontage and extending to the middle of the same; the San Bernardino Road on the north, and also a right of way five feet wide for the purpose of constructing and maintaining a pipe line thereon or thereunder along the east line of the above described Lot 3 in Block 1. For a more particular description reference is hereby made to the map and plat of said Phillips Tract recorded in Book 9, pages 3 and 4, Miscellaneous Records of Los Angeles, California. Said land is subject to a right of way for the public to use as a highway that portion of said land included within the San Bernardino Road.

Third: The perpetual right and privilege to use, as right of way, for the purpose of constructing and maintaining thereon or thereunder a pipe line one and one-half ( $1\frac{1}{2}$ ) inches in diameter for domestic water service on the real property now or formerly belonging to William Dewlaney and his wife, said strip of land running, extending and being particularly described as follows: Commencing at a point ninety (90) feet west of the northeast corner of Lot Six (6) in Block Fifteen (15) of the Phillips Tract, Rancho Puente, County of Los Angeles, State of California, and running southward to a point eighty-five (85) feet west of the southeast corner of the above described lot.

Fourth: The perpetual right and privilege to use, for the purpose of constructing and maintaining thereon and thereunder a pipe line for domestic water service and to construct and maintain thereon a pipe one and one-half ( $1\frac{1}{2}$ ) inches in diameter on the real property now or formerly belonging to W.H. Heyner and his wife, said strip of land running, extending and being particularly described as follows, to-wit: Commencing at a point ninety-five (95) feet southwest of the northeast corner of Lot three (3), Block Fifteen (15), of the Phillips Tract, Rancho Puente, County of Los Angeles, State of California, and running southward to a point ninety (90) feet west of the southeast corner of the above described lot, being the same property conveyed to the Covina Land and Water Company by deed dated the 8th day of November, 1901, and recorded in Book 1522, page 277 of Deeds, Records of Los Angeles County.

Fifth: A perpetual right and privilege to lay and maintain a pipe line at least two and one half feet below surface of ground, for the purpose of conducting water upon a strip of land five (5) feet wide, two and one-half (2½) feet on each side of the located line for pipe line as now staked on the ground, on the southeast quarter (SE¼) of the southeast quarter (SE¼) of Section 12, Township 1, south Range 10 west, S.B.M. said land being situate in the County of Los Angeles, State of California, and particularly described as follows: Commencing eight hundred and forty-five (845) feet south, measured along the center line of Grand Avenue from the center line of Covina Avenue, and running thence southwesterly and deflecting 45 degrees 10 minutes to the right from the center line of Grand Avenue, six hundred and fifty-one and three tenths (651.3) of way for the Covina Branch of the Southern Pacific Railroad, being same property conveyed by deed from Western Land and Improvement Company recorded in Book 949, page 181 of Deeds, Records of Los Angeles County.

Sixth: Rights of way for the water pipe now laid and owned and used by Covina City Water Company to convey water to the City of Covina in the county of Los Angeles, State of California, from the Reservoir of said Covina City Water Company, which is situated north of the Southern Pacific Railroad over and across the lands of said Southern Pacific Railroad Company where the same is situated in the South half (S.½) of Section 12)Twelve and in the North half (N.½) of Section thirteen (13) Township One (1) South, Range Ten (10) West San Bernardino Meridian in the County of Los Angeles, State of California, from the point where said water pipe enters the said land of said Southern Pacific Railroad Company in said Section Twelve (12) opposite to engineer's station number 445 + 67.5 of the center line of said railroad, said point being four hundred and thirty (430) feet more or less west of the West line of the street known as Range Avenue, crossing under the track of said railroad at or near engineer's railroad, and extending thence westerly at a distance of thirteen (13) feet south of and parallel with said center line of railroad to the point where said water pipe leaves the said land of said Railroad Company in said north half (N.½) of Section Thirteen (13) opposite to engineer's station number 415 + 67.5 of said center line of railroad, a distance of Three thousand (3,000) feet more or less;

Also the right to lay on said right of way and to maintain thereon such additional pipes, of the same or larger diameter than the pipe now laid, as the grantee may require, together with the right to enter upon said lands of the Southern Pacific Railroad Company and repair and replace the present pipe, and lay and maintain such new pipes upon said lands as said grantee may require:

Provided, however, and upon condition that said pipe or pipes shall be so laid beneath the surface of the ground as not to interfere with the proper use and operation of the railroad of said Southern Pacific Railroad Company.

Provided, also, that if at any time the grantee shall find it necessary to repair or replace the present pipe where said pipe crosses under the track of the said railroad at or near said engineer's station 445 + 51 of said center line of railroad or to lay new additional pipes under said railroad track at said place, then in such case all the work of such repairing or replacing present pipe or of laying new pipes under said track shall be done under the direction of the engineer or representative of said Southern Pacific Railroad Company, and the grantee shall pay unto the Southern Pacific Railroad Company all and whatever expenses and cost which shall be incurred by said Railroad Company in consequence of said work being done as above provided. Being all the property and rights acquired by deed from the Southern Pacific Railroad Company recorded in Book 1138, Page 94 of Deeds, Records of said County.

Seventh: All water, water rights, water privileges, rights of way, franchises, reservoirs, reservoir sites, pipe lines, mains, laterals and attachments, aqueducts and distributing system now owned by said Covina City Water Company and now and heretofore used for distribution of water for irrigation and domestic use in the City of Covina in the County of Los Angeles, State of California, and in the country adjacent to said City of Covina, belonging to said Covina City Water Company.

Eighth: The entire right, title and interest of said Covina Water Company in and to that certain agreement in writing made by and between Covina Land and Water Company and Southern Pacific Company, dated April 14th, 1898, a copy of which is attached as Exhibit "A" to the Application.

Ninth: Two hundred and seventy (270) shares of the capital stock of the Covina Irrigating Company, a corporation; fifteen (15) shares of the capital stock of Columbia Land & Water Company, a corporation; sixty-one and one-half (61½) shares of stock of the Contract Water Company, a corporation; ten (10) shares of stock of Citrus Belt Water Company, a corporation.

Tenth: All pipes, hydrants, fittings, meters, tools, repairing materials and other supplies and equipment and all office books, maps, records, stationery and office supplies pertaining to said water plant and system.

IT IS HEREBY FURTHER ORDERED that the following conditions be satisfied before permission for the transfer is valid:

First: That Covina City Water Company cancel

its outstanding bonds amounting to \$135,000 and release the trust deed under which said bonds were issued and that Covina City Water Company convey the property herein specified free from all encumbrances except taxes for the current year.

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  
10<sup>th</sup> day of August, 1916.

Max Thelen  
H. B. Randall

Frank R. Dwin

Commissioners.