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

ORIGINAL

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of )  
SANTA MONICA WATER COMPANY for an )  
order authorizing the sale of prop- ) Application No. 2508.  
erty to the City of Santa Monica. )

Herbert J. Goudge for Santa Monica Water Company.  
Francis J. Honey, City Attorney, and Victor R.  
McLuca, Assistant City Attorney,  
for City of Santa Monica.

THELEN, Commissioner.

O P I N I O N .

In this proceeding Santa Monica Water Company asks for an order, under the provisions of Section 51 of the Public Utilities Act, authorizing the Company to sell to the City of Santa Monica a specifically described portion of its property now or heretofore used and useful in the distribution and sale of water. The City of Santa Monica joins in the application.

A public hearing was held in Santa Monica on August 30, 1916, at which time this application was submitted.

The Water Company and the City adopted the Commission's suggestion with reference to the method to be pursued in determining the price at which the property is to be bought and sold, as follows: Take the sum of \$402,500.00, being the just compensation determined by the Railroad Commission in Decision No. 2541 made on June 30, 1915, in Application

No. 1563, (Vol. 7, Opinions and Orders of the Railroad Commission of California, p. 400), to be paid by the City of Santa Monica for the property of Santa Monica Water Company described in Exhibit No. 1 attached to said Decision No. 2541; add to said sum of \$402,500 the reasonable cost of the additions and betterments installed by the Water Company subsequent to April 1, 1915, with the exception of an item of \$358.59 hereinafter referred to; then subtract from the total thus secured a sum representing eight months' accrued depreciation on the property to be sold, calculated on the lives and by the method used by the Railroad Commission's engineers in determining the accrued depreciation in said Application No. 1563.

The testimony shows that since April 1, 1915, Santa Monica Water Company has made additions and betterments to the property described in said Exhibit No. 1, attached to said Decision No. 2541, as follows:

Buildings, etc. . . . .	\$	142.22
Pumping Equipment . . . . .		1517.57
Wells		
Concrete well. . . . .	\$	438.59
#5 Well		3793.08
		4231.67
Distribution Mains. . . . .		4738.89
Services. . . . .		1854.38
Fire Hydrants . . . . .		139.07
Meters, Meter Boxes & Fittings. . . . .		995.83
Miscel. Distribution Equipment. . . . .		135.55
Rain Gauge. . . . .		4.40
Shop Equipment. . . . .		92.17
Sup. & Insurance. . . . .		245.00
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Total. . . . .	\$	14096.74

The parties agreed that from the total of \$14,096.74 shall be subtracted the sum of \$358.59, representing a non-useful expenditure on concrete well, thus leaving a net sum of \$13,738.15 to be paid by the City for additions and betterments installed subsequent to April 1, 1915. The just com-

pensation fixed and determined by the Railroad Commission in said Decision No. 2541 did not include any allowance for Well No. 5, in connection with which well an item of \$3,793.08 is now claimed by the Water Company under the head of additions and betterments.

Assistant Engineer James Armstrong of the Railroad Commission testified that the annual depreciation of the property of Santa Monica Water Company to be sold to the City of Santa Monica, on the lives and by the method used by the Railroad Commission's engineers in said Application No. 1563, is the sum of \$11,732.00. Eight months' accrued depreciation on this method is accordingly the sum of \$7,821.33.

By adding to the initial sum of \$402,500.00 said sum of \$13,738.15 for additions and betterments and subtracting therefrom said sum of \$7,821.33 for eight months' accrued depreciation, the sum of \$408,416.82 results as the price to be paid by the City to the Water Company.

The City agreed to pay one-half the taxes for the year 1916 on the property to be conveyed, as distinguished from the property of the Water Company not to be taken.

There was some testimony at the hearing that certain general equipment and supplies, as well as a four inch pipe running from Cambridge Street to Ninth Street, Sawtelle, and Wilshire Boulevard, consisting of approximately 3,569 feet of four inch riveted pipe and 1,442 feet of four inch O.D. casing, are not desired by the City and are to be retained by the Water Company with appropriate credit therefor. The total amount involved in the general equipment and supplies is approximately \$2,216.00, and depreciated reproduction cost of the four inch pipe line as of April 1, 1915, is approximately \$1,231.00. In the final stipulation with reference to the

order to be entered herein, no reference to these items of property was made. I assume that if the parties still desire that the Water Company shall retain these properties they will reach an agreement to that effect among themselves.

A portion of the property and of the customers to be acquired by the City from Santa Monica Water Company are outside the city limits of the City of Santa Monica. The City will accordingly be required to file herein the usual stipulation providing that it takes the property of the Water Company subject to all obligations to render service.

I find that the public interest will be served by the sale of the property, herein referred to, by Santa Monica Water Company to the City of Santa Monica for the consideration agreed upon by the parties, and recommend that the application be granted.

I submit the following form of order:

O R D E R .

SANTA MONICA WATER COMPANY having applied to the Railroad Commission for an order authorizing the sale to the City of Santa Monica of the property referred to in the opinion which precedes this order, and the City of Santa Monica having joined in the application, and a public hearing having been held and the parties having agreed that the price to be paid for the property shall be determined in the manner specified in the opinion which precedes this order, and the Railroad Commission finding that the public interest will be served by granting the application,

IT IS HEREBY ORDERED that Santa Monica Water Company be and the same is hereby authorized to sell to the City of Santa Monica for the sum of \$408,416.82 the lands, property and rights which are described in Exhibit No. 1 attached to Decision No. 2541, made on June 30, 1915, in Application No. 1563, together with the additions and betterments made subsequent to April 1, 1915, and described in the opinion which precedes this order.

Within thirty (30) days from the date of this order the City of Santa Monica shall file herein a stipulation duly authorized by the City Commission, stipulating that the City of Santa Monica will take the property to be conveyed to it by Santa Monica Water Company subject to all obligations to render service.

Within thirty (30) days from the execution of deed of conveyance of the property herein authorized to be sold, Santa Monica Water Company shall file with the Railroad Commission a certified copy of the deed of conveyance.

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 1st day of September, 1916.

Max Thelen  
H. S. Loveland  
Wm. Gordon  
Edwin J. Edgerton  
Frank P. Deane

Commissioners.