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ORIGINAL

Decision No. 3615

Decision No. _____.

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
OCEAN PARK WATER COMPANY for an order) Application No. 2514.
authorizing the sale of its property)
to the City of Santa Monica.)

Tanner, Odell and Taft for Ocean Park Water Company.
Francis J. Henoy, City Attorney, and Victor R.
McLucas, Assistant City Attorney, for
City of Santa Monica.

THELEN, Commissioner.

O P I N I O N .

In this proceeding Ocean Park Water Company asks for an order, under the provisions of Section 51 of the Public Utilities Act, authorizing Ocean Park Water Company to sell to the City of Santa Monica its entire property and rights, with the exception of the right to be a corporation. 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 used in determining the price at which the property shall be bought and sold, as follows: Take the sum of \$77,500.00, being the just compensation fixed and determined by the Railroad Commission in Decision No. 2549, made on June 30, 1915, in Application No. 1561, (Vol. 7, Opinions and Orders of the Railroad Commission of California p. 473), to be paid by the City of Santa Monica to Ocean Park

Water Company for the property described in Exhibit No. 1 attached to said Decision No. 2549; add to said sum of \$77,500.00 the reasonable cost of additions and betterments installed by Ocean Park Water Company subsequent to April 1, 1915; then subtract from the total a sum representing eight months' accrued depreciation calculated on the lives and by the method used by the Railroad Commission's engineers in said Application No. 1561.

Exhibit No. 2 attached to the petition herein shows additions and betterments claimed to have been made by Ocean Park Water Company subsequent to April 1, 1915, as follows:

Concrete meter boxes and extensions	\$ 270.65
Meters and fittings	744.16
Pipe and fittings	546.31
Freight and cartage on above items	29.06
Resurfacing Sixth and Strand streets	33.60
Labor in connection with above installations	<u>455.45</u>
Total	\$2,079.23

The testimony shows that an item of \$40.23 represents pipe bought in January, 1915, installed prior to April 1, 1915, and included in the inventory used in Application No. 1561 but not paid for until after April 1, 1915. This item should be deducted from the total of \$2,079.23, leaving the sum of \$2,039.00 as representing the net cost of additions and betterments installed subsequent to April 1, 1915.

Mr. James Armstrong, one of the Railroad Commission's hydraulic engineers, testified that by the method and using the lives employed by the Railroad Commission's engineers in said Application No. 1561, the annual depreciation on the property is \$1938. Eight months' depreciation is accordingly \$1,292.00.

By adding to said sum of \$77,500.00 said sum of \$2,039.00 for additions and betterments installed subsequent to April 1, 1915, and subtracting the said sum of \$1,292.00 for eight months' accrued depreciation, we reach the resultant sum of \$78,247.00 which is the compensation, under the method agreed upon by the parties, to be paid by the City of Santa Monica for the lands, property and rights of Ocean Park Water Company, except the right to be a corporation.

The parties have agreed that the City will pay one-half the taxes for 1916 on the property to be conveyed by the Water Company to the City.

Part of the property to be acquired by the City of Santa Monica from Ocean Park Water Company is located in the City of Venice. The City of Santa Monica and City Water Company of Ocean Park have agreed that the City shall sell to City Water Company of Ocean Park the entire distributing system of Ocean Park Water Company in Venice, being all the physical structures in Venice with the exception of the Rose Avenue pumping plant. The result of this sale will be that the City of Santa Monica will have no customers on this system outside the City of Santa Monica. Consequently it will not be necessary for the City of Santa Monica to file the stipulation uniformly required by the Railroad Commission when a City acquires a water system having customers outside the city limits.

I find that the public interest will be served by the sale of the property of Ocean Park Water Company to the City of Santa Monica for the consideration hereinbefore specified, and recommend that the application be granted.

I submit the following form of order:

O R D E R .

OCEAN PARK WATER COMPANY having applied to the Railroad Commission for an order authorizing the sale to the City

of Santa Monica of the lands, property and rights of Ocean Park Water Company, with the exception of the right to be a corporation, and City of Santa Monica having joined in the application, and a public hearing having been held, and the parties having agreed that the property shall be bought and sold for the compensation to be determined by the Railroad Commission, as indicated in the opinion which precedes this order, and the Railroad Commission finding that the public interest will be served by granting this application,

IT IS HEREBY ORDERED that Ocean Park Water Company be and the same is hereby authorized to sell to the City of Santa Monica for the sum of \$78,247.00 its entire lands, property and rights, with the exception of the right to be a corporation, being the lands, property and rights described in Exhibit No. 1 which is attached to said Decision No. 2549, made on June 30, 1915, in Application No. 1561, together with the additions and betterments installed subsequent to April 1, 1915, as specified in the opinion which precedes this order.

Within thirty (30) days from the execution of deed of conveyance of said lands, property and rights, Ocean Park 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
Attest
Edwin J. Edgerton
Stanley C. Noble

Commissioners.