

Decision No. 6657.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
the CITY OF LOS BANOS for an order )  
fixing the just compensation to be ) Application No. 3903.  
paid WEST SAN JOAQUIN VALLEY WATER )  
COMPANY for certain properties. )

Stephen P. Galvin for applicant.  
Edward F. Treadwell for West San  
Joaquin Valley Water Company.

LOVELAND, Commissioner.

O P I N I O N

This is a proceeding brought by the City of Los Banos under the provisions of Section 47 of the Public Utilities Act, for an order of this Commission fixing the just compensation to be paid West San Joaquin Valley Water Company for its properties used in serving the inhabitants of the City of Los Banos with water for domestic, manufacturing and municipal purposes.

West San Joaquin Valley Water Company is a public utility corporation, engaged in the business of selling water in Los Banos, Dos Palos and South Dos Palos, each locality being served by a separate water system. The City of Los Banos, hereinafter referred to as "applicant", asks this Commission to fix the compensation to be paid for the water system serving the City of Los Banos.

Public hearings were held in this proceeding, at which testimony and appraisals were submitted concerning the value of the property of West San Joaquin Valley Water Company, hereinafter referred to as "the water company".

Appraisements were submitted of lands and physical structures by representatives of the water company and by the hydraulic engineers of this Commission.

The following tabulation sets forth the results of these appraisements:

	<u>Company's</u> <u>Appraisal</u>	<u>Commission's</u> <u>Appraisal</u>
Reproduction Cost.....	-----	\$45,647.
Reproduction Cost Less		
Depreciation.....	-----	34,561.
Present Value.....	\$46,083.03	-----

At the hearing it was stipulated and agreed by the parties hereto that the value of the three lots upon which are located the pumping plant, tanks, etcetra, is \$5,000. Certain other corrections of inventory were submitted and agreed to, which modify to some extent the amounts reported by the Commission's engineers as the depreciated cost of the system. Correcting for these changes the Commission's engineers now report a depreciated reproduction cost of \$35,522. The sum reported by the water company which purports to be the present value of the system is based largely upon actual cost records. Witnesses for the water company admitted that, in a great many instances, the sums reported as the value of various items had not been decreased by reason of depreciation. It

is therefore obvious that the sum reported as present value is in excess of the actual depreciated cost of the system.

It was contended by representatives of the water company that some allowance over and above the value of the physical property should be included in the sum determined as the just compensation, for the value of franchise, severance damages and going concern value. Severance damages were claimed on the ground that the elimination of the Los Banos Water System from the company's property would result in a greater cost of operation for the plants at Dos Palos and South Dos Palos. These systems are separate and distinct entities and some distance intervenes between the area served by each. Miller & Lux, owners of the water company, have extensive interests in all three towns and all water utility matters are handled from their offices by their regular employees. It is therefore evident that no increase in expenses would be incurred by the separation of the Los Banos System from the other properties.

The water company does not own and never has obtained a franchise from the City of Los Banos, but is operated under a so-called "constitutional franchise". The water system at Los Banos was originally constructed to serve Miller & Lux purposes, among which was the sale of town lots and other real estate. The water system was later extended and as the city grew the company became a public utility. Because of the conditions surrounding its inception and operation, this system has, until recently, been operating at a loss.

After carefully considering all of the elements of value going to make up the just compensation to be paid for

the water company's plant, including value of physical properties, history of the plant, franchise and going value, and other elements presented, it appears that the value of the water system of the West San Joaquin Valley Water Company, which the City of Los Banos asks to have fixed, is in amount equal to the sum of \$36,000.

I submit herewith the following findings:

#### F I N D I N G S

The City of Los Banos, a municipal corporation, having filed with this Commission a petition setting forth its intention to acquire, under eminent domain proceedings or otherwise, certain property and rights of West San Joaquin Valley Water Company within the boundaries of said city, and having applied to the Railroad Commission to fix and determine the just compensation to be paid to West San Joaquin Valley Water Company for these certain properties and rights; public hearings having been held and the matter having been submitted, and the Commission being fully apprised in the premises;

IT IS HEREBY FOUND AS A FACT, by the Railroad Commission of the State of California, that the just compensation to be paid by the City of Los Banos to the West San Joaquin Valley Water Company for such of said company's properties and rights as are described in "Exhibit No. 1" attached hereto and

made a part hereof, is the sum of \$36,000.

The foregoing opinion and findings are hereby approved and ordered filed as the opinion and findings of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 6<sup>th</sup>  
day of September, 1919.

Edwin O. Edgerton

H. D. Foxworth

Frank R. DeVlin

H. B. Brundage

Iwing Martin

Commissioners.

E X H I B I T NO. I.

Lots 17, 18 and 19 of Block 65, City of Los Banos.

All rights of way, easements and licenses, owned, occupied, held or used by West San Joaquin Valley Water Company, a corporation, duly organized and existing under the laws of the State of California, in connection with the pipe line and the water distributing system of said company, used by it in supplying water for domestic, manufacturing and municipal purposes to the City of Los Banos and its inhabitants.

Also the wells, pumps, tanks, sumps, boilers, pump houses, pipes, meters, services, valves and fittings, within the city limits of Los Banos, as follows, to-wit:

60 foot steel tower.  
50,000 gallon wood stave tank.  
22' X 22' x 10' galvanized iron shed.  
40 foot wood tower and boiler house.  
2 - 16,000 gallon wood stave tanks.  
8½ x 12 Dean Duplex pump.  
25 H.P. 1200 R.P.M., 60 cycle electric motor.  
Rawhide pinion and gear.  
8 x 10 Brownell steam engine.  
14 x 8½ Marsh steam pump.  
4½ x 2 ¾ x 4 Worthington duplex boiler feed pump.  
3 x 2 x 3 Worthington steam pump.  
6 x 4 x 5 Worthington duplex oil supply steam pump.  
70 H.P. Brownell boiler and setting.  
4 H.P. boiler and setting.  
22'x 22' x 7' concrete oil tank.  
530 gallon galvanized oil tank.

2 Injectors.

30" x 60' riveted steel smoke stack.

Automatic switch board, compensator and circuit breaker.

Miscellaneous steam piping, covering, valves and fittings.

Feedwater heater.

209 linear feet 6" galvanized suction and discharge pipe.

62 " " 5" " discharge pipe.

500 " " 4" " pipe to railroad.

Gate valves and fittings on the above pipe.

12' x 12' x 6' brick sump.

6' x 8' x 7' concrete sump.

461 linear feet 12" riveted steel intake pipe and  
concrete intake structure.

400 feet deep artesian well.

Chlorine plant, house and chlorine tanks.

1470 linear feet 6" cast iron pipe.

16115 " " 4" " " "

5600 " " 2" galvanized standard screw pipe.

1280 linear feet 1½" galvanized standard screw pipe.

255 " " 1" " " " "

300 " " ¾" " " " "

4 two way 6" Greenburg fire hydrants.

35 one way 4" " " "

181 - ¾" x 5/8" meters.

8 - ¾" meters.

14 - 1" "

6 - 1½" "

176 - ¾" service connection and pipes.

17 - 1" " " " "

6 - 1½" " " " "

23 cast iron meter boxes.

58 cast iron extension curb boxes.

5 " " valve boxes.

176 wood meter boxes.

8 - 2" stand pipes.

Stock, material, tools, etc., to a value of \$1366.00.

Valves, fittings, etc., for the above pipe.