

Decision No. 7101.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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ORIGINAL

In the Matter of the Petition of
the City of Palo Alto to ascertain
the value and fix and determine just
compensation to be paid to Alfred Seale
and Mabel S. Laumeister for the acqui-
sition by the City of Palo Alto of
their property known as the South
Palo Alto Water Works.

Application No. 4645.

Norman E. Malcolm for City of
Palo Alto.
Alfred Seale in propria persona.

BRUNDIGE, Commissioner.

O P I N I O N

The above entitled matter is a proceeding brought by the City of Palo Alto under the provisions of Section 47 of the Public Utilities Act, requesting that the Railroad Commission fix and determine the just compensation to be paid by the said City of Palo Alto to Alfred Seale and Mabel S. Laumeister for a public utility water system owned by them and known as the South Palo Alto Water Works, which system delivers water for domestic purposes to consumers in South Palo Alto.

Hearings were held in this proceeding in Palo Alto and in San Francisco, at which hearings all interested parties were given an opportunity to appear and be heard.

From the evidence it appears that South Palo Alto is a subdivision of the City of Palo Alto, having been subdivided in 1904. At that time the local water company serving the City of Palo Alto, which has since been acquired by the City, would not

extend its mains and distribution system to serve this new district, on the grounds that it was outside the city limits. By reason of this fact, Alfred Seale and Mabel S. Laumeister, being the owners of the subdivision, installed a water system to furnish water to the residents of the district. Later the ^{district} residents of South Palo Alto were annexed to the City of Palo Alto which thereby assumed the obligation of furnishing water and other public utility service to the inhabitants of the newly admitted area. To furnish this service, the City desires to acquire the privately owned water system heretofore furnishing service in this territory, and has accordingly made application that this Commission determine the just compensation to be paid for same.

The Engineering Department of the Railroad Commission made extensive field investigation of the water system in question, and based its appraisals on the data thus secured and from an inspection of the records of the company. The Commission's engineers adhered to the principle heretofore established, that the date of valuation shall be as of the date of the filing of the application, and that the prices of labor and material prevailing over a reasonable construction period prior to the date of the appraisal should be used in estimating unit costs.

The estimated reproduction cost new, as submitted by the Commission's engineers, was made on the basis of a four months construction period ending June 4, 1919, the date of the filing of the application herein, and reflected the prices of labor and material during that period. The reproduction cost less depreciation was arrived at by taking into account all factors bearing on the condition of the property. It was also possible to obtain from the company's records the original cost of the property, which approximately equals the investment.

The appraisal submitted by the City Engineer of Palo Alto was based upon the original cost of the property and depreciated

on the basis of the City's experience in operating its own plant.

The owners of the property did not prepare an appraisal, but submitted the book cost of the property.

The population of the South Palo Alto subdivision has increased rapidly within a short period of time, and it appears that the present pipe system will probably be replaced with larger mains before they have fully depreciated. I am therefore of the opinion that an additional allowance for obsolescence should be made and will give this condition consideration in the finding herein.

The evidence shows that all of the property sought to be acquired by the City of Palo Alto will be used and useful to the City as an auxiliary for the city water supply, and that the water to be obtained from the new well is of a better quality than that produced by the present city wells.

It was testified at the hearing that there had been no expenditure for franchise and that the water system has been operated at a profit from its inception.

After a careful consideration of all of the elements of value going to make up the property sought to be acquired by the City of Palo Alto in this proceeding, as outlined above, it appears that the just compensation to be paid for same is \$21,000.00 and I accordingly submit the following findings:

F I N D I N G S

City of Palo Alto, a municipal corporation, having filed with the Railroad Commission a petition as entitled above, and the Railroad Commission having proceeded to fix and determine the just compensation to be paid by said City of Palo Alto to Alfred Seale and Mabel S. Laumeister for a public utility water system owned by

them and known as South Palo Alto Water Works, under the provisions of Section 47 of the Public Utilities Act, and the Commission being fully appraised in the premises,

IT IS HEREBY FOUND AS A FACT that the just compensation to be paid by the City of Palo Alto to Alfred Seale and Mabel Laumeister for their property known as South Palo Alto Water Works, and more particularly described in "Appendix A" attached hereto and made a part of the findings herein, is the sum of \$21,000.00.

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 5th day
February 1920
of ~~December~~ 1919

Edwin O. Egerton
H. S. Loveland
Francis P. Flynn
H. B. Anderson

Commissioners.

APPENDIX "A"

That certain piece, parcel or tract of land lying and being in the City of Palo Alto, county of Santa Clara, State of California, and described as follows:

Commencing on the northeast line of Bryant Street one hundred and forty (140) feet southeast of Coleridge Avenue; thence southeast one hundred and ten (110) feet, northeast two hundred (200) feet; northwest one hundred (100) feet; southwest one hundred and thirty-five (135) feet; northwest ten (10) feet; southwest sixty-five (65) feet to point of beginning; being lots nineteen (19) and twenty (20) and a portion of lots seventeen (17) and eighteen (18); block nineteen (19) subdivision No. Two (2). Seale Addition to the Town of Palo Alto.

Also, all wells, pumps, tanks, cisterns, buildings, water mains and services, meters, service equipment and stock on hand, the same being all the property of that certain public utility known as the South Palo Alto Water Works, owned by Alfred Seale and Mabel S. Laumeister.