In 1908 Huntington mused about his activity in southern California: “When I came out here five years ago, my friends in the East asserted that I was too optimistic over the opportunities for growth and development. . . . They regarded my investments as visionary. My chief mistake is that I was too conservative.”¹

The period from 1903 to 1907 was Huntington’s most active, when his business empire in southern California reached its apex. The Los Angeles Financier, a contemporary business periodical, described Huntington’s activities: “He has in all his big operations in this southland had an immense advantage over the general market—he knew what he was going to do next.” Huntington constructed trolley lines to areas where people could “build their country homes in his extension block by block in the outposts of the city, bringing in the dairies and alfalfa ranches and planting and paving and dotting them with bungalows.”²

Huntington rarely released information about his business dealings. In May 1908, he was quoted in the Los Angeles Examiner as saying: “I will not tell you what I intend to do further, for I never talk about my intentions until they become facts. . . . What I am going to do must remain to be told by what I do do.”³

During this half-decade, Huntington remained in charge of both of Los Angeles’s largest streetcar companies. Meanwhile, his longtime associates sold off their interests in the Pacific Electric and later the Los Angeles Railway. For different reasons, neither of these railroads paid dividends.

The PE operated near the break-even point, and its revenues often failed to meet expenses. Huntington’s partners had invested
in his southern California trolleys believing they would reap returns similar to those generated earlier by the Market Street Railway. In 1904, alarmed by the PE's failure to pay dividends and by the steady cash outgo for assessments for continuing construction, the three associates divested themselves of their interests in the PE.

To Huntington, the PE and his other interurban firms were not isolated enterprises. The trolleys worked together synergistically with his power company and land firms. Huntington streetcars, powered by his Pacific Light and Power Company, rolled over tracks to property that was often already owned by one of his land companies or was under consideration for purchase. The acreage was eventually subdivided into communities designed for various socioeconomic groups and sold at a large profit. From 1905 to 1907, the return on investment for the Huntington Land and Improvement Company was 7.6 percent. Adding to this efficient development machine, Huntington bought or established water companies and, with the PL&P, his firms often provided these new communities with public utilities. As long as the triad of companies was ultimately successful, the profitability of the trolley firms was not his primary concern.

Hellman, Borel, and DeGuigne understood Huntington's logic, but they held no interest in the Huntington Land and Improvement Company. Although they all had substantial real estate holdings in the southland and frequently benefited from new PE lines, they did not wish to continue putting money into the interurban with no sight of a return on their transit investment. Unlike the PE, the LARY was very profitable, but, to the dismay of the minority stockholders, Huntington reinvested the profits in the company, believing that foregoing dividends would generate larger returns to the stockholders at a later date. Unwilling to wait, the three financiers sold their holdings in the Los Angeles Railway in 1907.

E. H. Harriman and the Southern Pacific superseded Hellman, Borel, and DeGuigne as Huntington's partners in street railways. Like Huntington, Harriman and his SP also desired to dominate southern California's mass transit business. To attain this goal, Harriman wanted to add electric rail lines, which were rapidly blanketing the southland, to supplement the existing SP regional steam railway network. Huntington's interurban system had become the largest in the area, providing stiff competition with the SP for passenger and freight traffic. Thus, Harriman believed that if he acquired a percentage of stock at least equal to Huntington's share in the PE, he could control the interurban's development and
would be on his way to tightening his grip on the regional transportation business. At the same time, he wanted to eliminate the competition between the trolleys and the SP railroad in the Los Angeles market.

Harriman was ultimately successful in creating a unified transit system in the Los Angeles area. Although he did not live to see the SP gain complete control of the PE in 1910, under his leadership the SP obtained half-ownership of the trolley company by 1904. With this interest in the PE, the SP was eventually able to control where interurban lines were built. An SP veto, for example, kept Huntington from constructing a trolley line between Los Angeles and San Diego. Generally, however, the SP backed Huntington's interurban expansion program, and Huntington ultimately deferred to the Southern Pacific's control over the PE so he could concentrate on the Los Angeles Railway, real estate investments, and power development.

As Harriman expanded the SP's involvement in local mass transit, Huntington enlarged his rail empire by incorporating another company, the Los Angeles Inter-Urban (LAIU), and acquiring several existing railways, among them the valuable Los Angeles and Redondo Railway. While his rail systems were growing, Huntington purchased real estate in the southland. He did so by either incorporating new land development companies or by joining existing firms with other entrepreneurs already involved in a particular region.

Whether laying rails, surveying property, or inspecting cost sheets for new power plants, Huntington was constantly working on one project or another. Pacific Electric manager Joseph McMillan remarked: "He has inherited the building disease, the operating disease. It is in his blood." Huntington recognized his need for constant work and continuous challenges. When the whirl of the business world slowed, he found solace making improvements on his San Marino Ranch. In October 1904, he wrote his mother: "I am doing some grading on the Shorb place; you know I can't well live unless I can be grading somewhere."

Aware of this activity, the Los Angeles Times in 1903 reported that Huntington "will probably build a palatial estate on the Shorb [ranch], and part of that section will be built for millionaires to live." The newspaper's prediction was accurate. In 1906 Huntington retained architects Myron Hunt and Elmer Grey to design and build a large Georgian-style mansion on the San Marino property. While making improvements on his ranch and when in Los Ange-
les, Huntington continued to reside at the Van Nuys Hotel until he moved in 1905 to a five-room suite in the Jonathan Club atop his newly completed Pacific Electric Building.

Huntington's need for continuous challenge and his rapid establishment of many important enterprises inevitably drew comparisons between the nephew and his late uncle. Isaac F. Marcosson noted in 1914 that "Henry E. Huntington is a sort of reincarnation of Collis P., with the same thrift, foresight, and constructive energy. . . ." Both men also exhibited tremendous patience with their businesses and were willing to wait for investments to become profitable. But Marcosson also observed a significant difference in the two men's personalities; while Collis apparently enjoyed attention, Henry was rather shy and reserved. These personal characteristics, combined with his refusal to have his decisions dictated by others, account for Huntington's tendency to operate independently.

Spending more time in Los Angeles, Huntington saw less of his family, which had remained in San Francisco. His daughters and his mother, as well as his sister, Caroline, and her husband, Burke, frequently came south to visit Huntington and his son, Howard. Yet Mary Huntington, who preferred San Francisco to Los Angeles, spent little, if any, time in the southland visiting her husband. On 21 March 1906, Mary's absences were explained when she filed for divorce, revealing that the couple had been separated since 1900. The divorce hearing took place the following day and lasted only seven minutes; Mary's alimony was set at forty thousand dollars annually, to come from a $1 million trust fund. Following the brief court appearance, Mary and her daughter, Marian, boarded the steamship Korea for a trip to Japan. Huntington returned to his business affairs in southern California.

Although Huntington's drive to build an empire may have destroyed his marriage, it also took its toll on his relationship with his children. Clara, Henry's eldest daughter, later explained that business seemed to consume her father's life: "For my own part, I see how the few have to be sacrificed for the benefit of the greater number, meaning that we rarely saw father, and his ambitions, his dreams, [and] his plans that would have been interesting to hear about, we just didn't."

Three years before his marital problems became public knowledge, Huntington was concentrating on becoming the undisputed leader in the Los Angeles transit market. As 1903 began, he proceeded with his planned rail extensions to Whittier and Monrovia.
He then began laying track from downtown to San Pedro to compete for freight and passenger traffic with the SP's steam railroads and the Hook family's new narrow-gauge interurban, the California Pacific, which connected downtown Los Angeles with San Pedro. In April he extended his railroad holdings eastward beyond the Los Angeles county line to the rich citrus-growing area known as the "Orange Empire." Huntington purchased stock in the San Bernardino Valley Traction Company and then gained control of the Riverside and Arlington Railway. The latter owned all the city lines in Riverside, a city about fifty miles east of Los Angeles. These acquisitions led many people to believe that Huntington was preparing to connect the lines in this eastern region with his Los Angeles rail network.

The electric railway magnate was also interested in interurban companies in central California. Huntington's purchase of the Fresno Electric Railway, approximately two hundred miles to the north, and the streetcar lines in Stockton, about seventy miles southeast of San Francisco, prompted the Los Angeles Express to report that he was contemplating building a trunk line from Los Angeles to San Francisco through the San Joaquin Valley. An electric line through California's central valley connecting the southland with the Bay Area was never built. The exact reason is unknown, but Harriman, who by mid-1903 had acquired a share of the PE, was on record of disapproving of the plan. If constructed, such a trolley route would have competed with the extensive SP steam railroad system, which already dominated the transit market in the agriculturally rich San Joaquin Valley.

The continued growth of Huntington's trolley system finally pushed E. H. Harriman to act more aggressively. Huntington's expansions and mergings with smaller trolley lines began to cut in on the SP's existing market, threatening Harriman's plan of dominating southland transportation. If he could not halt the PE's rapid growth, Harriman's other option was to acquire an interest in the electric railway and share in its success. Such a move was not without precedent. Throughout the nation, many steam railroads had found it advantageous to acquire interurbans, with which the railroads once competed, and to integrate the trolleys' passenger service and freight lines with the larger steam network. Although interurbans were not necessarily more efficient than steam railroads, they were often run at four to six times the frequency and at one-half to two-thirds the fare of their steam rivals. Thus, trolleys had an advantage over steam railroads for short-haul traffic, and
they had their greatest success carrying passengers and freight for distances from ten to forty miles between outlying towns and major cities.\footnote{15}

Although a rivalry later developed between these two railroad men, it was not the bitter clash of millionaire titans so often described in contemporary accounts. Relations between the two men, in fact, remained amicable. Huntington, at Harriman's request, had stayed on as SP vice-president after leaving San Francisco in 1901. After he resigned that post in 1904, he continued to serve as a director of the SP. Although each man was loath to give up any advantage, the men came to a joint ownership settlement in May 1903 on the electric railroads in southern California.

In the months leading up to the agreement, the two men had tried to negotiate a settlement via telegrams, regarding the regional transportation market. Huntington stayed in close touch with William Herrin, SP attorney and Harriman's representative, but reaching an agreement was difficult. The major point of contention was Harriman's desire to gain, and Huntington's steadfast unwillingness to grant, equal interest in the Pacific Electric Railway. Huntington wrote Harriman in January 1903: "Like to get trade closed up. Have made arrangements to use the San Gabriel Valley Road from Shorb [an SP station in Alhambra] to LA, but not until we own it. . . . Spoke to Herrin, but he made the same request you did, that is, to allow you as much stock as myself, and which I told you on several occasions, I could not comply with."

Meanwhile, Harriman had been jockeying for a stronger negotiating position. He not only wanted to share the Los Angeles market with Huntington but also to surpass his rival. The Harriman-backed activities were designed to provide the SP with an entrée into the Los Angeles interurban field either by obtaining its own lines or by prodding Huntington to the bargaining table. Such machinations in the first months of 1903 included the SP's three-cent-fare franchise proposal, the West Sixth Street franchise battle, and the SP's purchase of the Hooks' Los Angeles streetcar companies, which by the end of 1902 accounted for about 15 percent of the local market.

Senator William A. Clark of Montana, organizer of the San Pedro, Los Angeles and Salt Lake Railroad, and the Union Pacific / Southern Pacific had been partners since July 1902, when the Clark syndicate and Harriman agreed to share equal ownership of the Salt Lake City to Los Angeles line.\footnote{15} Acting for the SP, Clark applied to the Los Angeles City Council for eighty-three miles of
street railway franchises. If granted, these franchises would provide the SP with the basis for a substantial streetcar system. The proposed trolley was to operate over the entire eighty-three-mile area, providing service for a three-cent fare, with free transfers valid for transit over the whole system. This differed from the five-cent fare of the Los Angeles Railway and the PE trolley fares, which were based on several distinct fare regions that radiated from downtown Los Angeles in concentric circles. Travel within a zone cost five cents, and movement into each new PE zone cost an additional five cents. If the three-cent plan was approved, Clark and Harriman believed Huntington might make concessions to them rather than try to compete with a system designed to parallel many of his companies' streetcar routes at a fare that promised certain losses. Huntington's PE countered this proposal by introducing a $6.25 coupon book valid for five hundred miles of streetcar transit. Although this move did not lower prices to the SP's proposed three-cent fare level, the plan cut rates on many trolley routes almost in half.

In June the council denied the SP's application. Its action was based on the belief that adequate trolley service could not possibly be provided with such a low fare. Further, if passed, the franchise would cause streetcar companies to restrict services to the most heavily trafficked routes where high passenger volume might make up for the minimal fare. Not surprised by the rejection of the SP proposal, Huntington said:

The people don't want three cent fares. They would rather pay five cent fares and get good service than three cent fares and get unsatisfactory service . . . [N]o company can operate an electric road as it should be operated and maintained for three cent fares. It cost us 4 1/2 cents the past year to carry passengers on the LA Railway Co.

While the council considered the three-cent fare franchise, Clark and Harriman attempted to acquire the Hooks' streetcar holdings, which the Huntington group was also trying to obtain. The Hooks owned the Los Angeles Traction Company, operating twenty-eight miles of track largely in the southwestern portion of the city; the twenty-mile interurban California Pacific, which was the only trolley operating between downtown and San Pedro; and the Los Angeles Pasadena Traction Company. The last firm owned no track or rolling stock but held the rights to build a line between Los Angeles and Pasadena. The Hooks also held a one-half interest in the Los Angeles, Ocean Park and Santa Monica
Railway. Bids for the railway property came from both the Huntington and Clark / Harriman groups, but it was the latter syndicate that obtained the property. On 14 April 1903, the Hooks and Clark reached an agreement; Clark and Harriman purchased the streetcar companies for $1.75 million. The *Los Angeles Times* reported:

Senator W. A. Clark has positively purchased the Traction Company as a nucleus for the Southern Pacific syndicate’s operation in competition with H. E. Huntington for supremacy in the local street railway field. . . . The transfer is an important move in the campaign launched by the powerful transportation operators [Clark and Harriman] . . . to overcome H. E. Huntington and possess themselves of the street railway traffic in Los Angeles and Southern California.

The final confrontation, prior to the Huntington / Harriman meeting and accord, occurred over the city’s sale of the West Sixth Street franchise. Huntington had applied for this franchise, considered to be worth a maximum of ten thousand dollars, with the idea of laying track from downtown to Hollywood. On 3 May 1903, the franchise auction took place, and the bidding came from three camps—the Huntington group, the Hooks, and Harriman, who was represented by George G. Johnson, a local real estate man. The Hooks, having just sold out their existing properties to the Clark / Harriman group, hoped to reenter the market in another area of town. The opening bid was twenty-five hundred dollars, but the price quickly jumped to unrealistically high levels. The auction became a test of wills between Huntington and Harriman. Huntington’s top offer was $100,000; Harriman’s bid of $110,000 won the franchise.

The sale of the Sixth Street franchise and the exorbitant amount Harriman was willing to pay for it led Huntington to believe that he had to bargain with the SP magnate. The next day, the two men met in San Francisco. Rather than engaging in a potentially ruinous streetcar competition with Harriman, whose financial resources exceeded his own, Huntington was willing to compromise. Three days later, an agreement was signed between the Huntington syndicate and Harriman. The accord called for the consolidation of the PE property and the SP’s recently acquired street railways. Under its terms, the Huntington group’s Los Angeles Land Company received the SP’s San Gabriel Valley Rapid Transit Railway and track between Alameda, Los Angeles, and San Pedro streets. Harriman then agreed to transfer the Hooks’ railroads and the Sixth Street franchise to the PE. In return, he was granted 40.3
percent of PE stock, an amount equal to Huntington’s share. The May bargain shuffled PE ownership; Huntington and Harriman together held over 80 percent, with Hellman, Borel, and DeGuigne retaining a minority position. The owners of the PE, who now included Harriman, paid the remaining $1.5 million that was due the Hooks for the streetcar companies; they then reimbursed the SP for the $110,000 it had paid for the Sixth Street franchise and the $250,000 down payment it had made for the Hook properties. Each stockholder paid in proportion to his percentage of ownership in the Pacific Electric.

Huntington desired continued PE expansion. From March 1902 to November 1903, the rapid growth of the interurban had consumed $8.4 million, which had become available through the issuance of bonds. Further PE extensions required more cash, but a depressed bond market in California and New York made the sale of additional bonds difficult. Harriman backed the building program. Although he had initially acquired stock in the PE under his own name, Harriman had been operating for the SP, and in August the property was officially transferred to the Southern Pacific. But Hellman, Borel, and DeGuigne lacked Huntington’s enthusiasm for continued expansion without the sale of new bonds. In June 1903 they asked that no new construction be considered until the depressed condition of the money market had changed, but Huntington brushed the suggestion aside. He told Hellman that pursuant to an agreement with Harriman, he had no intention of stopping “in the middle of the stream.”

Still hoping to build a vast trolley network, on 6 June 1903 Huntington incorporated another new company, the Los Angeles Inter-Urban (LAIU) Railway. Its articles of incorporation called for construction and operation of 350 miles of track with lines to La Habra, Redlands, and Riverside and branches to Colton and San Bernardino. Other proposed roads included rails reaching Santa Ana, Newport, and the San Fernando Valley. The LAIU was authorized to issue $10 million in bonds and was capitalized at $10 million. Like the PE, the first stock subscription was for the minimum required by California law to begin operations, $1,000 per mile of planned track, or $350,000.

Initially wholly owned by Huntington and independent of the Pacific Electric, the LAIU was Huntington’s attempt to bypass his obdurate partners, who grudgingly agreed to assessments allowing electric railway construction to continue. However, the LAIU soon became an appendage of the PE. The depressed bond market
in New York and California made the sale of securities undesirable, and Huntington apparently made an agreement with the other PE shareholders that they would advance cash for the construction of rail lines and be compensated in a similar amount of LAIU 5 percent bonds. Funds thus received were used to begin construction of LAIU lines as well as continue building PE lines. The LAIU became, in essence, a construction arm for the growing interurban system. From 1903 to 1907, in return for LAIU bonds, Huntington and Harriman together provided the trolley company with $7.2 million. Before they sold their PE stock in December 1904, Hellman, Borel, and DeGuigne's combined contribution totaled $1 million. Although the LAIU operated its own rolling stock and maintained a semblance of a separate identity, it was intimately linked with the PE from its inception; by 1905 the officers of the two companies were identical.27

Because Huntington had retained many interurban lines in his own name, he was able to transfer these holdings to the LAIU, which he originally completely controlled, rather than to the PE, which he shared with Harriman. The LAIU completed the building of the PE's Whittier and San Pedro lines. Then, in March 1904, the LAIU absorbed the Los Angeles Traction Company and its subsidiaries. The growing trolley firm also acquired and finished constructing the Los Angeles and Glendale Railway. In June the LAIU assumed control of two more Huntington-owned roads, the Riverside and Arlington Railway and the Santa Ana and Orange Motor Railway.28

In 1904 the PE and LAIU built rail extensions to Huntington Beach and began building to Covina. Plans for additional tracks to Newport Beach, Balboa, and Santa Ana were also prepared. This construction was paid for by stockholder assessments. Although determined to continue building, even Huntington began feeling the financial pinch. He had sacrificed many opportunities to keep his personal funds flowing to the railroad. In April of that year, he wrote Patton: "I am throwing over my shoulder almost daily good investments simply for the reason that I am trying to have fewer investments instead of more. As you know, it is taking a great deal of money to carry on our railroad project, and I need all the money I can spare for the work."29

In November 1904, Huntington sent a letter to all PE shareholders stating that $250,000 was necessary to carry out LAIU construction and that each stockholder was required to pay the amount proportionate to his percentage of PE stock. Harriman's
and Huntington's shares were identical: each paid $101,000, and the minority owners were obligated for a total of $48,000. Convinced that Huntington's ambition could not be contained, they were no longer willing to support any new rail projects. The PE and the LAIU were not paying dividends and seemed to be a tool for Huntington's land development companies. The three financiers were ready to quit the Pacific Electric altogether. Speaking for the group, Hellman wrote Huntington:

You know very well that I am opposed to continued expenditures of money on these railways, but my views on this matter have been entirely ignored. I have concluded that I will make no further advances as a stockholder except under the compulsion of regular proceedings by way of an assessment. . . . I do not wish to be an obstructionist; I am willing to sell my Pacific Electric Ry CO. stock and bonds of the Inter-Urban Company, which represent advances I have made to you and Mr. Harriman at a fair price.  

According to the May 1903 agreement, which made the SP an equal partner to Huntington in the Pacific Electric, any PE shareholder wishing to sell an interest had to first offer it to the existing owners, giving them the option to divide the stock among themselves in proportion to their current ownership in the company. On 7 December 1904, Hellman, Borel, and DeGuigne agreed to sell their entire interest in the PE—19,346.68 shares of PE stock and $995,480 worth of LAIU bonds—for $1.2 million. One-half of their holdings were purchased by Huntington and one-half by Harriman, acting for the SP. All the PE's capital stock was equally shared by Huntington and the Southern Pacific. Free of the interurban, Hellman, Borel, and DeGuigne retained their interest in the Los Angeles Railway, the downtown system, because they expected that soon it would begin paying dividends.

Under the expansive-minded Huntington, the Pacific Electric and Los Angeles Inter-Urban extended their rails and roadbeds into new areas. An equal partner in the PE, the Southern Pacific, led by Harriman, saw the advantages of an enlarged trolley system that could be integrated into its existing steam railway network, and the SP backed Huntington's building program. The Los Angeles Examiner commented: “Not withstanding his large interests in the Pacific Electric . . . Mr. Harriman has never been able to prevent H. E. Huntington from extending his lines as best suited his purpose.” By 1905, tracks reached Newport Beach and Santa Ana. In 1906 a branch was added to the Newport line connecting it to
From the Mountains to the Sea

TROLLEY TRIPS

Through all this gorgeous and hustling southland, over perfect roadbeds in luxurious cars, at the speed of electricity.

Pacific Electric Railway

The Pacific Electric Railway and the Los Angeles Inter-Urban Railway system in 1905. Courtesy of the Huntington Library

Balboa. Midway through that year, the combined track of the two companies stretched over 449 miles of southern California; the LAIU operated 252 miles of track, and the PE held 197 miles. A line to Sierra Madre and an extension to the Oak Knoll section of Pasadena were completed in late 1906.

If the SP were to consider blocking construction of an inter-
urban route, the line to Covina was the most likely candidate because it would parallel SP tracks and travel through a heavily trafficked corridor. Yet all Harriman said regarding this connection was: "All right, Huntington, if you want to build it, go ahead." Covina was reached in 1907, and tracks were laid from Monrovia to Glendora that same year. By February 1908, the LAIU had increased its track mileage to 311 miles, and the PE operated 212 miles.

Although Harriman was apparently willing to support his partner's interurban expansion program within the Los Angeles basin, when Huntington attempted to push into San Diego County, Harriman nixed the plan. The huge project involved the development of real estate in San Diego County—with transportation provided by a rail line from Los Angeles to San Diego and energy supplied by a locally built electric power plant.

San Diego County's population rose from 35,100 in 1900 to 61,700 in 1910. Huntington planned to take advantage of this expansion by extending his PE line from Santa Ana southward along the coast through thousands of acres that were to be acquired by a Huntington syndicate. Once in San Diego, it was proposed, the PE line would turn east and run to the fertile Imperial Valley. Power for this rail line as well as for the new homes was to be furnished by harnessing the San Luis Rey River at Warner's ranch in northeastern San Diego County.

In 1905 Pacific Light and Power purchased the forty-five-thousand-acre Warner's ranch and the riparian rights of the San Luis Rey River in order to develop hydroelectric power. Huntington and Kerckhoff, in association with Colonel Ed Fletcher, a San Diego developer, and Los Angeles businessmen C. A. Canfield and H. W. Keller, formed the South Coast Land Company and proceeded to purchase vast stretches of land from Oceanside to Del Mar. Having obtained land through which the PE could lay track, Huntington had Kerckhoff and Keller, with the assistance of Fletcher, obtain a franchise from the San Diego City Council that granted rights to construct a railway to extend from Del Mar to San Diego.

Holding land, a rail franchise, and the right to build a hydroelectric plant, the Huntington group appeared ready to begin development. The Hayes Land Company, owners of property in Oceanside, made use of Huntington's name and his plans in the introduction of their subdivision advertisement:
Henry E. Huntington has purchased within the last two years over $2 million worth of property. The South Coast Land Company, represented by millionaires Keller and Kerckhoff, who are now building a railroad from San Diego to Los Angeles, have invested over $2 million. . . . Huntington now owns the entire riparian rights to bring his system of car service from Los Angeles to San Diego.36

But the key to the project, the rail extension from Santa Ana to San Diego, was vetoed by Harriman because it conflicted with the SP’s large steam railroad interests in the area. From 1901 until his death in 1909, Harriman had been knitting together a vast railroad network. By 1902, his western railway empire included the Union Pacific (UP); the Southern Pacific; and a half-interest in the San Pedro, Los Angeles and Salt Lake Railroad. In fact, Harriman’s only major rival in the southwest was the Atchison, Topeka and Santa Fe Railway (AT&SF).

To ease, if not end, the competition with the Santa Fe in the southwest, Harriman sought an understanding with the rival railway. When no cooperation was forthcoming, Harriman and a group of financiers, including Henry Frick, Otto Kahn, and Henry Rogers, purchased $30 million worth of Santa Fe stock in 1904. Owning about 14 percent of the Santa Fe, Harriman placed Frick and Rogers, who already served on the UP directorate, on the Santa Fe’s board of directors. Because of his links to the Santa Fe, Harriman worked out a plan of compromise and cooperation between the SP/UP and the AT&SF. The agreements included an important pooling arrangement between the Harriman lines and the Santa Fe for the shipment of California’s citrus crop. This accord eliminated the competition over citrus traffic. Thus, by 1906, Harriman had achieved a harmonious relationship between the two railroads, and he and his associates sold their Santa Fe stock.37

Having only recently settled the regional railroad rivalry, Harriman did not want to upset the delicate balance by participating in the construction of an electric line into the San Diego area, where the Santa Fe had a major investment. If the PE built a trolley line from Los Angeles to San Diego, it would compete for passenger traffic with the Santa Fe’s existing line between the two cities. In addition, to attract freight as well as passengers, Huntington’s group had proposed a branch of the PE’s line to run from the San Diego coast eastward to the Imperial Valley. This planned track ran counter to the Harriman-backed plan for a steam line, the San
Diego and Arizona (SD&A) Railroad, which was to run through the same area. Harriman had become involved in the SD&A as a defensive move to keep this railroad from reaching its proposed destination of Yuma, which would give the city of San Diego a direct transcontinental rail linkage. All traffic out of San Diego had to travel the circuitous route north along the coast to Santa Ana and then east to San Bernardino. From there, shipments could be carried eastward over the SP line through Yuma or via the AT&SF route through Needles. If the San Diego to Yuma connection were made, the traffic on SP’s southern transcontinental line running from Arizona northwest to Los Angeles would face competition from the proposed SD&A line from Yuma to San Diego. To avoid the threat of competition and disharmony because of a rivalry along the southern coast of the state, Harriman quashed the PE’s plans to build to San Diego.\(^\text{38}\) In addition to Harriman’s opposition, Huntington also faced a fight with John D. Spreckels, a wealthy San Diego businessman who controlled much of the city’s streetcar network and did not relish the Los Angeles trolley entrepreneur entering the area.\(^\text{39}\)

Confronted with these obstacles, Huntington scrapped the whole San Diego project. The trolley line was never built; Huntington sold his interest in the South Coast Land Company; and in 1911 the PL&P sold Warner’s ranch and the riparian rights to the San Luis Rey River to developer William G. Henshaw.\(^\text{40}\)

With the exception of his failed San Diego scheme, Huntington directed where interurban lines were built. As had occurred earlier, towns reached by trolley lines grew rapidly. Santa Ana, for example, connected to Los Angeles by electric railway in 1905, saw its population rise from forty-nine hundred in 1900 to eighty-four hundred in 1910. Besides encouraging such expansion in existing cities, interurban routes also provided fertile ground along which new cities incorporated. In fact, because these transportation lines were viewed as essential to a community’s success, all seventeen cities incorporated in Los Angeles County during the first decade of the twentieth century were located on trolley routes.\(^\text{41}\)

Huntington’s interurban system was praised for its size and quality. The *Los Angeles Herald* quoted “a New Yorker not prone to enthusiasm” as saying that

> the people in the east do not know what a first-class electric railroad is. The Metropolitan system in New York is a go-cart compared with the Huntington system in Southern California. . . . While putting down the
most enduring kind of roadbed, laying the heaviest of steel rails with welded joints, supplying the largest and most comfortable electric cars, and employing the best paid labor, Mr. Huntington has not forgotten that which appeals to the eye.  

Despite these accolades, the PE and LAIU were not profitable. Because many of Huntington’s interurban lines were built ahead of demand and frequently passed through regions just beginning to grow, their earnings were generally poor. Between 1903 and 1907, the PE’s most profitable year was 1905, when the company’s net earnings were $90,711; in the LAIU’s best year, 1906, the firm lost $93,032. However, when people later moved into these developing areas, Huntington was among those willing to sell them real estate, and the profits from the Huntington Land and Improvement Company made up for the poor earnings of the interurbans. The net earnings of HL&I, derived largely from land rentals and sales, increased from $151,000 in 1905 to $402,000 in 1907. The land company’s return on investment rose from 4.8 percent in 1905 to 12 percent in 1907.

Unlike his interurbans, Huntington’s Los Angeles Railway, operating largely within the city limits, was profitable. This firm posted net earnings of $550,990 in 1904, $483,990 in 1905, $580,657 in 1906, and $370,264 in 1907; the railway’s average return on investment for these four years was 7.8 percent. Hellman, Borel, and DeGuigne had kept their 45 percent interest in the Los Angeles Railway, hoping this company, which had not yet declared dividends, would not require cash advances and would soon start returning profits back to the shareholders. Like the PE, the LARY continued to expand but on a much smaller scale. In 1903, it added eighteen miles of track.

On 8 January 1904, John Muir, the Los Angeles Railway’s general manager, died. Huntington’s twenty-eight-year-old son, Howard, who had been the assistant to general manager Epes Randolph on the PE, was given the post. On 15 January, Howard wrote his grandmother: “Much to my surprise, I was selected GM of LARY Co. I think I am taking up some of the detail work that father was attending to during Mr. Muir’s illness, and I hope to be able to take more of the load off father’s shoulders as time goes on.”

Howard Huntington served as the general manager from 1904 to 1911, when a mental breakdown forced him to curtail his activities. Although he retained the title until 1918, most of his work
was taken over by the assistant general manager. Lacking the business skills of his father, Howard was an only adequate administrator. Unable to deal with complex situations, such as organizing the sharing of facilities between the PE and the Los Angeles Railway, Howard referred complicated matters to his father. Henry's reply to one of Howard's 1907 letters was typical; he told his son, who faced an unresolvable problem, to wait until he had arrived in southern California, when he would solve it.\textsuperscript{46}

In spite of his mediocre managerial abilities, Howard carried out his father's expansion plans. New Los Angeles Railway routes were built to population centers developing northeast, south, and west of the central downtown area. A line from downtown to Garvanza (Highland Park) opened for service in May 1904. The Griffith Avenue line, several blocks east of the present campus of the University of Southern California, was extended south and reached Vernon Avenue by October 1905. Earlier that same year, in March, the company built northwest toward the growing residential section of Hollywood, using a private right-of-way from present-day Lafayette Park to Bimini Place.\textsuperscript{47}

The laying of rails out of the downtown area was expensive. Although profits were reinvested in the company, the extensions frequently required more financing. The Los Angeles Railway often borrowed from commercial banks or the Huntington Land and Improvement Company. Hellman questioned the wisdom of making capital investments financed through short-term loans. In May 1904, he told Howard Huntington that he did not want the railroad to borrow any more money for construction. Hellman wanted to slow the growth of the system to coincide with the availability of funds generated from internal operations. Howard reported Hellman's views to his father; the elder Huntington, who considered the property his own and its policy his domain, angrily dashed off a note to Hellman:

I hope that hereafter in all matters that pertain to the management of the property, you will take the matter up with me instead of with subordinates [Howard Huntington]. . . . There can be but one head in the management of the property, although of course I shall always be very glad to consult with yourself, Mr. DeGuigne, and Mr. Borel . . . but I think I understand the needs of the property and what is essential better than anyone else.\textsuperscript{48}

With a tight grip on the company, Huntington added to this streetcar network during the next two years. A route to Eagle Rock,
as well as the Cummings Street line extension southeast from the
downtown core to Euclid and Indiana Street, were completed in
1906. The following year, Huntington extended the Garvanza line
with two branches, one on York Boulevard and the other on North
Figueroa Street. Later in 1907, the West Ninth Street line was
built down Tenth Street from Vermont to Gramercy. Through
this building program, the Los Angeles Railway, operating within
a radius of eight miles of the city's center, nearly doubled in size,
expanding from 99.6 miles of track in January 1903 to 180.1 miles
in January 1908.\textsuperscript{49}

The Los Angeles Railway's failure to declare dividends finally
drove Hellman, Borel, and DeGuigne completely from the street-
car magnate's fold. In January 1907, the \textit{Pasadena Star News} and
the \textit{Los Angeles Evening News} reported that Harriman and the SP
had purchased the three financiers' 45 percent interest in the Los
Angeles Railway. In February, the former owners retired from the
company's directorate and were replaced by W. F. Herrin, J. E.
Foulds, and Hellman's son, I. W. Hellman, Jr.\textsuperscript{50}

By 1907, Huntington and the Southern Pacific had become
partners in the PE, the LAIU, and the LARY. Although each saw
the Los Angeles Railway as primarily a downtown passenger tran-
sit system, Huntington and Harriman had different views on the
electric interurbans. Because each partner wished to use the inter-
urbans for his own purpose and each desired to dominate the
southland's transit market, Huntington and the SP did not consoli-
date all their streetcar operations. To Huntington, the interurbans' main purpose was to promote the sale of his real estate. For Harri-
man, the trolleys were part of the larger Southern Pacific system
and were to be operated mainly as transportation companies. The
SP's aim was to establish a monopolistic, or at least a tight oligopo-
listic, market.

In July 1905, Huntington, operating alone, acquired the Los
Angeles and Redondo Railway by purchasing all the outstand-
ing stock, 3,770 shares, and assuming the bonded indebtedness
of $500,000 from local railroader Leman Thomas Garnsey. The
former owner stayed on as president and general manager of the
railway. In 1907 he supervised 57.5 miles of track, including two
lines running from Los Angeles to Redondo.\textsuperscript{51} Huntington had
bought and then operated this railway as part of his larger devel-
opment plans for the subdivision and sale of property in Redondo.

Still desirous of obtaining trolley lines to unify electric and
steam service in the area and prompted by Huntington's acquisition
The Los Angeles and Redondo Railway, c. 1905. Source: *P. E. Topics* 1 (June 1906): 23
of the Los Angeles and Redondo, Harriman moved to obtain the only remaining interurban in the entire region still independent of Huntington. In 1906 he negotiated with the Los Angeles Pacific's (LAP) owners, Moses Sherman and E. P. Clark, for their railway. The LAP held approximately 180 miles of track and operated in the western section of the county, including the popular areas of Hollywood, Santa Monica, Venice, Playa del Rey, and Redondo. By March 1906, an agreement was reached, and Harriman paid a reported $6 million to the line's owners, securing a controlling interest in the company for the Southern Pacific.  

Huntington devoted vast amounts of time and money to his trol-
ley companies because he saw them as essential to his development of real estate. Largely unhampered by land-use or zoning regulations, which did not become effective until the 1920s, Huntington freely chose the areas he developed as well as the subsequent form of each development. As his trolleys were laying out the scope and shape of greater Los Angeles, his land firms were designing many of the region’s communities. A large-scale subdivider, Huntington was involved in a myriad of land deals from 1903 to 1907, but several major real estate projects, each in a different part of the southland, illustrate his activities.

Sometimes Huntington designed communities with distinct classes of people in mind. Various controls and deed restrictions—including racial exclusion, lot size and price, and the setting of minimum construction costs—were used to determine the makeup of a subdivision’s residents. Three of his projects, all northeast of downtown Los Angeles—Oak Knoll, Oneonta Park, and Dolgeville—are representative of subdivisions planned for particular socioeconomic groups.

For the wealthy, Huntington built the Oak Knoll subdivision, which today is a fashionable area split between Pasadena and San Marino. Initially established in the 1880s, the tract opened when the real estate boom of the decade had subsided, and the development languished. In December 1905, Huntington and brokers William Staats and A. Kingsley Macomber formed the Oak Knoll Company and purchased the subdivision for $300,000. The winding roads and landscaping begun earlier were completed; a Huntington interurban line was extended to the property; and, to introduce the wealthy potential residents to the development, several acres were reserved for the construction of a luxury hotel, the Wentworth. Huntington opened the prestigious subdivision in 1906. Only Caucasians were to be allowed and Oak Knoll was reserved for single-family residences. Lots varied in size from one to ten acres; in price from $5,000 to $20,000; and, depending on size and location, minimum construction costs ranged from $6,000 to $15,000.

Hailed as one of the most exclusive subdivisions in the West, the Oak Knoll tract sold well through the remainder of 1906. The financial panic of 1907 had a negative impact on sales, however, and Staats closed the subdivision’s sales office. The partially completed Hotel Wentworth opened in February 1907; because of cost overruns, it soon encountered financial troubles, and less than six months later it was declared insolvent and closed.
Toward the end of 1909, lot sales in nearby residential areas began picking up, and the Staats's Oak Knoll sales office was re-opened on 6 November. Three weeks later, Huntington purchased the ninety-three-acre Oak Grove tract between Oak Knoll to the west and his San Marino Ranch to the east. The linkage of Huntington's name with the area encouraged purchases of property.

After the Oak Knoll lots began selling again, Huntington gave the tract another boost in 1912. Much like William Ralston, who had saved a faltering real estate subdivision by building the luxurious Palace Hotel in San Francisco, Huntington purchased the Hotel Wentworth and announced that Myron Hunt, the architect who had built Huntington's San Marino home, would double the building's guest capacity by adding two stories. With this demonstration of confidence in the area, Huntington assured the success of the Oak Knoll subdivision.

West of the elite Oak Knoll, Huntington Land and Improvement laid out Oneonta Park—today an upper-middle-class section of South Pasadena—as a community for the middle classes. Connected to downtown Los Angeles by the PE, this subdivision consisted largely of one-third and one-half acre lots. Buildings could only be constructed for single-family residential use, and the homes' minimum worth was set at $3,500.

Huntington also developed tracts of land for those of more modest means. In the present-day city of Alhambra, ten miles east of downtown Los Angeles, he established a model industrial town. This subdivision was linked to the Alfred Dolge Manufacturing Company, the felt venture Huntington had established in 1903 in an attempt to lure industry to southern California. Named Dolgeville, the town was laid out in a gridiron pattern with modest-sized, single-family residential lots selling from three hundred dollars to four hundred dollars each. The felt business was not very successful, but it did attract several other industries to Dolgeville, and as Huntington had planned, many of the homesites were purchased by employees of the town's manufacturing plants.

Although Huntington's largest landholdings were in the San Gabriel Valley, his most successful real estate venture was in Redondo Beach. Incorporated in 1892 and situated along the southwest coast of Los Angeles County, Redondo Beach was originally a coastal development established by the firm of Vail and Freeman during the land boom of 1887. After the boom ended in 1889, the developers sold their interests in the undeveloped areas of the community to John C. Ainsworth and Robert R. Thompson of Ore-
gon. The new owners incorporated three associated companies to develop the property: the Redondo Hotel Company, the Redondo Improvement Company, and the Los Angeles and Redondo Railway. The last was sold to Leman Garnsey in 1894.61

On 7 July 1905, Huntington announced his purchase of the Redondo Improvement Company, which owned 90 percent of the property in Redondo Beach, and his plans to spend millions on developing the area. Four days later, he obtained the Los Angeles and Redondo Railway. The association of Huntington's name with the coastal town and his expressed confidence in Redondo Beach set off a new speculative land boom lasting about two weeks. On 20 July the Los Angeles Times reported: "A couple of weeks ago . . . the magic name of Huntington awoke this dreamer by the sea and for several days there was enacted the wildest schemes of mad speculation by feverish and frenzied speculators. . . . With characteristic enterprise and liberal outlays of capital, Mr. Huntington will doubtless create here one of the finest resorts on the entire Pacific Coast." Then, explaining one of the reasons for the excitement in Redondo, the Times continued: "Mr. Huntington is already double tracking the railroad [the Los Angeles and Redondo] and maintaining the wise policy of not advancing the price of lots [approximately ninety dollars each] from his original offering."62

A buying frenzy ensued in which property often changed hands several times a day, and more than one hundred real estate offices set up shop on Front Street, some doing business out of hastily erected tents. As a result of the rash speculation, Huntington sold approximately $3 million of Redondo Beach property and almost immediately recouped his initial outlay for the real estate and the railway.63 In the midst of the craze over the Redondo project, Burke Holladay, Huntington's brother-in-law, wrote Harriet Huntington:

Redondo has been a dead town. . . . The hotel never paid. . . . The name Redondo made a Los Angeles capitalist shy like a horse at an auto. But on Friday last, it came out that Mr. H. E. Huntington had bought the entire townsite of Redondo from the Redondo Land Co. and that he would offer it for sale. Oh! What a change in the twinkling of an eye. Immediately the people of Los Angeles rushed in droves to Redondo—to buy, buy, buy. . . . 64

By the end of July, the boom had subsided, but Huntington continued to pour money into Redondo Beach. By 1907, a three-story pavilion, which housed a giant ballroom, a restaurant, and a theater, had been completed, and in 1909 Huntington erected the
largest indoor salt-water plunge in the world. Because the Pacific Ocean was too cold for comfortable swimming most of the year, the plunge, opened every day of the year, provided three pools with heated water and more than one thousand small dressing rooms and steam and Turkish baths, and could accommodate two thousand bathers at one time. The success of Huntington’s Redondo Beach development was reflected in the city’s expanding population: the number of residents rose from the 1890 figure of 668 to 855 in 1900; it then increased to 2,935 in 1910 and was 4,900 by 1920.\(^65\)

Besides designing homogeneous communities or revitalizing areas like Redondo Beach, Huntington also participated in speculative large-scale land development projects. Unlike Huntington’s other land ventures, one involved a rare collaboration with others of the Los Angeles business community and did not immediately include electric railways.

In November 1904, a group of prominent Los Angeles businessmen—including Huntington; Harriman; Kerckhoff; L. C. Brand, a developer of Glendale, a Los Angeles suburb; and Joseph Sartori, president of Security Trust and Savings Bank—purchased the sixteen-thousand-acre Porter ranch in the San Fernando Valley. Each of the ten stockholders received a one-tenth interest in the firm. Forming the San Fernando Mission Land Company, the developers first took an option on the property on 28 November 1904 and then assumed full control on 23 March 1905.\(^66\)

Because it was widely known that Huntington preferred working “quietly and alone,” the Los Angeles Examiner observed: “The mystery of the enterprise [the San Fernando Mission Land Company] is how it happened that Messrs. Huntington and Harriman, who let no one into their land purchasing schemes, but bought up everything for themselves, consented to let eight others in on the ‘ground floor’ so to speak.”\(^67\)

Considered a long-term investment, the purchase of Porter ranch was predicated on the belief that the city government would build an aqueduct at some future date and bring water from the Sierras to the southland. If such a project were undertaken, the arid San Fernando Valley would be transformed into a well-watered plain ripe for subdivision. A $23 million bond issue to finance the aqueduct was passed by Los Angeles voters in June 1907, and water from the Owens Valley reached Los Angeles in 1913. In this context, Huntington’s decision to work with others in the project becomes clearer. He joined the nine other syndicate members, all
major powers of the Los Angeles business community, because his participation could further his private interests. Subdivision in the San Fernando Valley would stimulate expansion and lead to an increasing population in the southland. Since this venture seemed likely to encourage general growth in southern California, Huntington would surely benefit.68

In 1909, Harry Chandler, general manager of the Los Angeles Times, who was a member of the earlier land syndicate, took an option on 47,400 additional acres of San Fernando Valley land. A year later, Chandler and thirty-nine other investors formed the Los Angeles Suburban Homes Company and purchased the property. In 1911, the new company prepared a large section of land for subdivision, and the PE began construction of an interurban line to the valley. Although the syndicate's projects proved very profitable, Huntington began to withdraw from some business interests and in June 1912 received $130,000 for his one-tenth share of the San Fernando Mission Land Company, for which he had originally paid $15,000.69

Often working with his real estate ventures, the Huntington-controlled Pacific Light and Power followed a strategy of rapid growth. As Huntington explained to Kerckhoff in July 1904, in some cases, expansion should precede demand:

We cannot afford to lag behind in the procession and should rather keep always a little ahead of it [demand for power]. If we need more power, by all means, let us contract for it; for our aim should always be to give the very best service we can and to give better service than anybody else does. While this may cost money in the beginning, it will be very profitable in the end.70

Such expansion through construction and acquisition was expensive, and financing was constantly a problem. The PL&P’s major project was the construction of a hydroelectric power station near Kernville on the Kern River, 120 miles northeast of Los Angeles in the Sierra Nevada Mountains. One of the largest power-generating sites undertaken in the country up to that time, this facility’s completion was hampered by more than funding. In April 1903, work on the plant, which had only recently begun, was tied up by a lawsuit brought against the PL&P by two competing land companies, the Miller and Lux and Kern River firms. The former, established by Henry Miller and Charles Lux in the mid-nineteenth century, held a large land empire in the San Joaquin Valley and riparian rights on many parts of the San Joaquin and Kern rivers. The latter company owned property in the Kern River Valley.
The lawsuit charged that the PL&P's construction of a canal necessary to divert water to the hydroelectric plant would alter the normal flow of the Kern River and its flood waters, which annually fertilized and restored the valley's farmland. The Miller and Lux/Kern coalition asked for a perpetual injunction to disallow the diversion of water via the canal. Henry O'Melveny, attorney and stockholder of the PL&P, negotiated a settlement with the land companies in July 1904. The PL&P purchased water rights, promised to refrain from using water for irrigation purposes, and agreed to make the diversion canal watertight so that seepage would not affect the quality or quantity of the Kern River flow.

The conflict with the central California land companies slowed the Kern power project, and the eventual settlement called for a much more expensive cement canal. However, Huntington conveyed his pleasure about the outcome to O'Melveny: "I think from what you say that we have made a very good trade with Miller, Lux, and Tevis [representing the Kern River Land Company]. Certainly having clear title is worth a great deal to us."

The new, more stringent building requirements for the canal increased the PL&P's need for cash. In 1902 and 1903, attempts to sell Pacific Light and Power bonds to outside investors had not been successful. The stockholders ended up buying many of the bonds to provide funds for the construction costs; they hoped to resell them later on the open market when conditions improved. In January 1903, Huntington arranged for the cash-rich Los Angeles Railway, the company that held Huntington's PL&P stock, to purchase two hundred PL&P bonds, providing $200,000.

Then, on 23 July, Kerckhoff wrote Huntington of DeGuigne's suggestion to assess the stockholders one dollar per share for six consecutive months to raise the $600,000 required to complete the project. This suggestion came before the three minority owners expressed doubts about the constant need for funds to finance Huntington's various projects. But the assessment was not acted upon immediately. Soon afterward, Kerckhoff acknowledged a Huntington note telling him that the LARY would take $50,000 more of PL&P bonds; this purchase, when combined with the $75,000 in bonds Kerckhoff had taken, allowed the Kern River project to proceed. As they had done earlier, the major shareholders took the bonds with the understanding that they could later resell the securities so long as they did not dump them at less than par value. Such action provided PL&P with the cash necessary without the need for stock assessments through 1903.

By July 1904, the Kern power station had already cost $1.8
million, but it was still not ready to operate. With the additional expense of the lined canal plus cost overruns, the plant required another $500,000 for completion. Kerckhoff believed the earlier idea about assessing the stockholders was now the best way to proceed. Huntington approved DeGuigne’s original plan, and Hellman and Borel consented to the assessments. With the money thus secured, the Kern River project went forward. In December 1905, the plant commenced operations, supplying the Huntington companies, as well as parts of Los Angeles, with electricity.\(^7^4\)

Although Kern River was the PL&P’s largest project, the company also sought to expand by acquiring other power firms. Between the end of 1903 and 1907, PL&P added the Mentone Power Company, owner of a hydroelectric plant north of Redlands, and the Riverside Power Company. The former was originally a Kerckhoff/Balch venture before its merger with the larger Pacific Light and Power. With this enlarged generating capacity, PL&P sold approximately 90 percent of its electricity to commercial users, largely Huntington’s railroads. It also provided current for lighting and other residential use in the southern and northeastern portions of Los Angeles County.\(^7^5\)

After the Kern project was completed, Huntington and Kerckhoff made plans for another power plant. In December 1906, in conjunction with Huntington’s real estate developments in the area, PL&P began constructing a fifteen-thousand-kilowatt steam plant at Redondo Beach, which was completed in March 1908. By that date it was clear that PL&P’s expansion program was paying off: the company’s net earnings in 1906 were $359,662 and in 1907 were $413,143.\(^7^6\)

As the PL&P electrical generating capacity was growing, Huntington expanded his other public utility business, water distribution. His San Gabriel Wine Company already owned the Alhambra Addition Water Company, a small firm providing water to parts of the San Gabriel area. In September 1907, Huntington incorporated the much larger San Gabriel Valley Water Company (SGVW). Capitalized at $2.5 million, all its stock was held by the Huntington Land and Improvement Company. Often operated in tandem with HL&I, SGVW provided water to many of the newly opened subdivisions. In February 1908, Huntington consolidated his holdings by transferring all the property of the Alhambra Addition Water Company to the SGVW.\(^7^7\)

To oversee the San Gabriel Valley Water Company, Huntington brought in George C. Ward, who had worked as chief engineer
on Collis Huntington’s Raquette Lake Railroad. Remembering the words of his uncle, “Stick to Ward; you can trust him,” Huntington had hired Ward in 1902 as the superintendent of his London Water Works in Washington Court House, Ohio. With a promise of a better job, Huntington lured Ward to California in 1905. Prior to heading SGVW, Ward had served Huntington in several other capacities. Initially brought out to southern California as the assistant general manager of HL&I, Ward also worked for Huntington’s street railways purchasing land and rights-of-way. Later, in 1910, Ward succeeded Patton as general manager of HL&I.78

From 1903 to 1907, Huntington labored to expand the southland’s urban economy by extending his business triad. With his spreading operations, he molded the basin. Because the city and county lacked regulations or commissions overseeing land use and dictating how or where development should take place, Huntington became the metropolitan planner of greater Los Angeles. His trolleys diffused the population and nurtured the growth of many suburban communities, his land firms rapidly transformed rural landscape into a variety of subdivisions, and his power firm provided electricity for the growing region.

Although the Los Angeles Railway operated as a passenger-carrying transit system in the downtown area, the interurban PE was used primarily to promote land developments. Because Huntington wished to dominate the region’s transportation market, the PE was rapidly expanded, but because of the area’s sparse population, it was never profitable. The Los Angeles Railway, on the other hand, was profitable, but because Huntington reinvested all the profits back into the company, the LARY did not declare any dividends during this period. This lack of a return on investment combined with the PE’s constant need for funds, finally drove Hellman, Borel, and DeGuigne to withdraw from both street railroad companies.

The three junior partners were supplanted by the SP, which, led by Harriman, pursued the goal of monopolizing the transportation market within southern California by building a unified steam and electric railway system. Concerned about the competition for passengers and freight provided by the PE, the SP acquired a half-interest in the interurban to control the trolley company’s growth and make use of its extensive network of standard-gauge electric lines. Because it wanted to dominate the regional transit market, the SP generally approved of Huntington’s rapid interurban expansion program within the Los Angeles basin. However, when it
was detrimental to the SP railroad system, such as the proposed trolley route to San Diego, the plan was blocked by Harriman.

Attempting to sidestep the SP and act independently, Huntington incorporated a new trolley firm in 1903, the LAIU, and in 1905 purchased the Los Angeles and Redondo Railway. However, the LAIU did not remain independent of the PE. A depressed economy in 1903 created a soft bond market, and unable to move the new railway's securities at a desired price, Huntington could not finance LAIU construction projects. So that building could commence on the LAIU and continue on the PE, which was also having difficulty selling bonds, Huntington decided to use the newly formed LAIU to act as a construction arm of the PE. Beginning in July 1903, the PE shareholders advanced cash to build new PE and LAIU lines; in return, they received an equal amount of LAIU bonds. Unlike the LAIU, the Los Angeles and Redondo Railway remained a wholly controlled Huntington venture. In response to the acquisition of this railroad, Harriman, still wanting to see the SP dominate area transportation, and unwilling to allow his partner/rival to gain an independent share of that market, obtained a controlling interest in the Los Angeles Pacific, the only trolley firm remaining outside of Huntington's grasp.

As the powerful SP concentrated on the region's transportation sector, Huntington was involved in various land developments and electric power projects. His profitable real estate ventures during this period included the successful rehabilitation of Redondo Beach and his work with selected members of the Los Angeles business community in property acquisition in the San Fernando Valley. The growing power needs of Huntington's trolley lines and subdivisions were met by PL&P, which vigorously expanded its electrical generating capacity. The utility firm built a hydroelectric station on the Kern River and a steam plant in Redondo Beach.

From 1903 to 1907, Huntington's streetcar companies, including the PE, the LAIU, and the LARY, which he shared with the SP, plus his solely owned and controlled Los Angeles and Redondo line, expanded rapidly into new territories. In advance of railway construction, Huntington's land companies purchased real estate along the planned routes. Once tracks were laid, his properties were subdivided and sold, and his utility companies provided many of these new communities with water and power. Although Huntington knew where and when transit and power services would be extended to particular areas, he was not the sole beneficiary of his various projects. His courage and vision led him to pour
vast amounts of capital into southern California, and his development of the area not only provided ample possibilities for others to profit from land speculation, but it also created thousands of job opportunities for residents of the Los Angeles basin.

By the end of the period, Huntington was prepared to acquiesce to the SP and build only trolley lines that fit into the transit giant’s plans. Control in the interurban field was ultimately turned over to the SP, and Huntington focused on the more lucrative businesses of intraurban transit, real estate sales and power development.