Even though the San Marino mansion was ready to be occupied by 1914, Huntington spent about half of his time away from southern California. He and Arabella planned to divide the year roughly into thirds: four months in the mansion Collis had bequeathed to Arabella on New York City's fashionable Fifth Avenue at Two East Fifty-seventh Street; four months at the five-hundred-acre Chateau Beauregard estate Huntington had leased for ten years near Versailles, France; and the remainder of the year in San Marino. However, the couple did not make the trip to France annually, and most years were divided equally between New York and California.

Over the period 1914 to 1917, Huntington retired from active participation in his southern California business empire. He turned over the daily supervision of his companies to his key managers, William Dunn and Charles Graham, but insisted on being kept informed about the disposition of his holdings and never relinquished the ultimate decision-making power.

Like many other street railroads around the country, the Los Angeles Railway had been a money-making success from 1898 to 1913. But beginning in 1914, the LARY, as well as the streetcar industry in general, began to experience difficulties. Inflation associated with the economic boom created by World War I caused prices to rise. Operating expenses as well as trainmen's wages increased, but because the street railway's fare—five cents—was regulated by the California Railroad Commission, it remained unchanged. The Los Angeles Railway's situation was further exacerbated by fewer riders because of an increase in the number of private automobiles in use and competition from jitneys (automobiles
usually operating along trolley routes and charging a five-cent passenger fare). Declining ridership and revenues meant lower profits, and the Los Angeles Railway, with a large debt outstanding, needed a new way to finance required improvements and planned extensions.

Like the LARY, Pacific Light and Power also needed cash, but for a different reason. With the opening of the Big Creek power stations, PL&P was capable of generating surplus electricity. To take advantage of this excess power, the firm expanded its distribution system and continued development of its Big Creek hydroelectric facilities.

Dunn attempted to acquire the needed financing through two different means. He first petitioned the railroad commission for permission to reorganize the Los Angeles Railway and double its bonded indebtedness. Dunn then worked to obtain a $14 million loan for the Huntington Land and Improvement Company that would disperse the funds to the appropriate Huntington firms.

But even with Dunn and Graham at the helm of his enterprises, Huntington still wished to extricate himself even further from business affairs. He expressed a willingness to sell his companies to buyers offering a fair price. In September 1916, Huntington told the Los Angeles Examiner: “I am now out of business. I would like to sell all my interests and get clear of it.” Nine months prior to this statement (although not publicly announced until December 1916), Huntington, through Dunn, had closed a deal merging his Pacific Light and Power Corporation to Southern California Edison. The two firms petitioned the California Railroad Commission for permission to merge; the consolidation was approved in May 1917, and Huntington became SoCal Edison’s largest shareholder, owning 38 percent of the stock.

Thus, by delegating control to his staff, Huntington eased himself out of the responsibilities of the business world and devoted his time to “fooling away money on books and other things that give me pleasure.” As the aging streetcar magnate focused less on his southern California enterprises, he relied more heavily on William Dunn, who had begun working for him in 1901. Much like the other general managers, Randolph and Patton, Dunn and Huntington became close friends. Always important within the management team, Dunn grew to be Huntington’s right-hand man. Placing complete trust in this man, whom he once referred to as the “soul of honor,” Huntington refused to make important decisions
without first discussing them with Dunn and granted this associate absolute power of attorney.\(^5\)

While Huntington was in Europe on an extended honeymoon throughout the fall of 1913, Dunn began working on both the Los Angeles Railway reorganization and the $14 million HL&I loan. In December 1913, articles of incorporation were filed for the new Los Angeles Railway Company. The proposal was to merge the properties of Los Angeles Railway Corporation and its subsidiary, City Railway of Los Angeles. Under the plan, the company was capitalized at $20 million, and its authorized bonded indebtedness was $50 million. The new Los Angeles Railway intended to issue $23,544,000 in new bonds to retire the outstanding bonds of the two constituent companies. An additional $26,465,000 of bonds could be issued to cover future improvements. Dunn explained the reasons for the reorganization: “With the opening of the Panama Canal and the coming of people in 1915, this company must be ready for a greatly increased population. New cars must be built and lines extended. New substations must be built. Pacific Light and Power Co. must be in a position to go ahead with Big Creek development.”\(^6\)

The Los Angeles Railway’s application for reorganization came before the California Railroad Commission on 9 January 1914. The hearing opened with a discussion of the railroad’s valuation because the company’s ceiling for bonded indebtedness was based on the firm’s assets. But the hearing was postponed until commission engineers could make an independent valuation of the LARY. A disparity existed between the company’s estimate of the railway’s value, placed at $26 million, and the city’s engineers’ estimate of $19.7 million.

While the reorganization petition was stalled before the commission, Dunn and Huntington succeeded in obtaining the large loan for the HL&I. The Huntington Land and Improvement Company was authorized to issue $14 million in 6 percent notes—secured by more than $40 million par value of Huntington-held stocks and bonds, including all the stock of the Los Angeles Railway and City Railway of Los Angeles—due serially from December 1914 to December 1927. The bond issue was jointly underwritten by the two investment banking firms headed by E. H. Rollins and Torrance Marshall. Huntington apportioned the incoming cash among his various companies. By May 1914, $8.4 million of HL&I notes had been sold; PL&P received $3.9 million, Los Angeles Rail-
way obtained $150,000, and HL&I retained $967,000. Then, to repay personal loans he had earlier made to HL&I, Huntington assigned $3 million to his personal account. During the remaining seven months of 1914, another $2.5 million HL&I bonds had been sold.\(^7\)

In August 1914, the railroad commission's engineering department completed its study of the LARY and set the value of the property at $22.3 million. The commission also thoroughly investigated the firm's equipment and financing. Although it found the LARY's rolling stock and track to be in "excellent physical and working condition," the company's financing remained clouded. The financial records of the two companies to be merged had been destroyed because company officials believed they were no longer important. However, Edwin Edgerton, the commissioner who wrote the report on the Los Angeles Railway, noted: "I think the conclusion is justified therefore, that these books were either destroyed or allowed to be destroyed in order to avoid public revelation of their contents."\(^8\) Whatever the reason for the books' destruction, the action did hide the fact that Huntington had credited his personal account with almost $10 million of the LARY's bonds without transferring any cash to the company. Thus, uncertain of the value of Los Angeles Railway bonds that Huntington held or how he obtained them, and believing the firm's general condition satisfactory, on 3 March 1915 the California Railroad Commission denied the proposed merger of City Railway with the Los Angeles Railway.

While the commission considered the reorganization, the LARY encountered a new type of competition from automobiles known as jitneys. First appearing in Los Angeles in July 1914, they usually operated parallel to trolley tracks, picking up and carrying passengers for fares of five cents each. Unfettered by government regulation—they paid no taxes, licensing fees, or street maintenance assessments—jitneys rapidly increased in popularity; by November, over eight hundred were operating in Los Angeles.\(^9\)

The street railways were affected immediately by the growing number of jitneys. In November 1914, Dunn claimed that "under present conditions, we [the Los Angeles Railway] cannot borrow any money for extensions or improvements. We have been trying to take care of these out of earnings, but these are reduced $600 per day or $219,000 per year." He added that current construction on extensions would cease and unprofitable lines would be abandoned because of jitney competition.\(^10\)
By January 1915, competition for passengers had intensified as the jitneys' receipts reached an estimated $8,400 daily. The Los Angeles Railway was forced to lay off 100 men and stop construction of 250 of the new center-entrance style cars. In addition to the approximately 1,800 jitneys that were carrying about 150,000 people daily, ownership of private automobiles in Los Angeles was also rising. Autos registered in the city rose from 17,000 in 1914 to 47,000 in 1917. With more transportation choices, people rode streetcars less, and LARY's patronage fell from 140 million revenue passengers in 1914 to 117 million in 1916 before rebounding to 123 million in 1917.

The material shortages and inflation brought about by World War I further worsened its situation. As operating revenues fell because of shrinking ridership, operating expenses rose, and interest payments on bonded debt remained steady. Employee wages, which had averaged from twenty-five to twenty-seven cents per hour from 1910 to 1916, increased to thirty-six cents per hour by 1918. These factors combined to decrease Los Angeles Railway's net income from $588,094 in 1914 to $312,712 in 1915, and $250,744 in 1916. The following two years, the firm operated in the red, losing $13,368 in 1917 and $501,225 in 1918.

Before the jitneys' advent and the onset of World War I, the LARY management had continued to follow Huntington's expansion policy. In May 1914, the Los Angeles Railway extended its crosstown north-south Vermont line from Adams Street north to First Street. In July, it received a franchise to extend the Brooklyn Avenue line to the eastern city limits in Boyle Heights. Building on the line commenced because, as promised, the citizens of Boyle Heights had paid to reduce the grade and thus had prepared the way for the roadbed. But by October 1915, when it was clear that bonds to cover the cost of construction could not be sold, Huntington told Dunn: "Conditions have changed very materially, and I gave instructions that no further work should be done." He acknowledged that Dunn would have to renege on his promise made two years ago to the people of Boyle Heights. Although they had upheld their part of the bargain and graded the route, Huntington wrote Dunn emphatically: "I do not want another foot of track laid or any franchise accepted until we can receive bonds for work already done."

Work on this line, the only extension being built by the LARY in 1915, was stopped until February 1916, when the railroad commission approved the City Railway's petition to issue $280,000 in
6 percent bonds to the Los Angeles Railway in payment for extensions already built by the parent company for its subsidiary. City Railway bonds were credited to the Los Angeles Railway, and the firm completed the Brooklyn Avenue line eastward to the city limits later that year. But the LARY, which estimated that it lost $500,000 in revenue to jitneys in 1915, constructed no further extensions through 1916.15

As early as fall 1914, when jitney competition had emerged as a threat to the streetcars, the LARY and the PE sought legislation from the city council regulating the jitneys as public utilities. Making their case against the jitneys, the trolley firms presented several persuasive arguments. Jitneys ran almost exclusively along streetcar lines and only rarely made forays into lightly populated areas. This angered the trolley companies, which viewed this action as stealing patrons. Furthermore, unlike the streetcar companies that were required to pay licensing fees and taxes, jitneys were covered by no ordinance and paid no fees. Finally, as specified in their street franchises, the trolley firms paid for the maintenance and upkeep of the streets adjacent to their tracks. According to a 1919 report done jointly by the California Railroad Commission and the Board of Public Utilities, Huntington’s railway paid over $500,000, or about 8 percent of its gross revenue, annually, for the paving and upkeep of streets over which its trolley lines operated. Moreover, the report corroborated the company’s claim that auto traffic, and not streetcars, were responsible for pavement damage.16

With the powerful streetcar firms demanding a law regulating the jitneys, the city council began examining the issue in November 1914. Four months later in March 1915, the council unanimously passed a jitney ordinance. Operators of jitneys were required to carry insurance and obtain a permit from the police that granted each driver a specific territory and route. Jitney owners responded by filing a referendum petition asking that the ordinance be put before the public in the upcoming June election. Huntington’s companies mounted a vigorous campaign to convince the electorate to uphold the new law. Pacific Light and Power, for example, issued a letter to all its employees extolling the virtues of the streetcars and disparaging the jitneys.17

The public voted to retain the ordinance. Its enforcement lessened jitney competition but did not entirely eliminate this transit service. Surveying the situation, Dunn wrote Huntington in August 1915: “The jitney fight is looking better all the time, and I hope within the next six months or a year the people will realize the effect
of this menace and finally get completely rid of it."18 Although Dunn was optimistic, the LARY’s operating revenue continued to decline, falling from $7 million in 1913 to $5.9 million by 1916.19

The Los Angeles Railway’s poor performance led to a decrease in Huntington’s cash income as well. To conserve cash in the company, the interest due on Huntington’s Los Angeles Railway and City Railway bonds went unpaid in 1914. Because the financial situation did not improve, from 1914 through 1917, Huntington received none of the cash due on his railroad’s bonds. In June 1917, Dunn explained to Graham:

Conditions with the LA Railway are such that the only way we can keep our heads above water is by not paying Mr. Huntington’s coupons. . . . I do not believe the coupons for last year, this year, and perhaps for several years to come, will ever be paid. The return of the company will show the exact figures to the government and also the absolute inability of the company to pay this bond interest.20

By May 1917, LARY employees joined management in seeking stricter regulations of the jitneys. Two months earlier, in March, a committee of trainmen asked Howard Huntington and assistant general manager George Kuhrts for a pay increase to keep wages in line with wartime inflation and the rising cost of living. Management decided to grant a seven and a half percent wage increase and promised another seven and a half percent pay raise if the employees helped eliminate jitney competition. Employees and their wives circulated initiative petitions seeking to place on the ballot a law forbidding jitneys from operating in the heart of the downtown business district. They obtained 35,000 signatures, and the election was held 5 June. The proposal passed, and starting 1 July 1917, jitneys were no longer allowed to operate in the commercial zone bounded by First, Main, Eighth, and Hill streets. Although the new ordinance drastically cut the number of jitneys in Los Angeles, the final act completely eliminating this competition came in summer 1918. In July, the Los Angeles Board of Public Utilities ordered that, beginning 1 August, all existing licenses for jitneys operating next to trolley tracks were no longer valid. Because driving along the streetcar lines provided the jitney drivers with their only chance to attract enough passengers to earn a profit, this ordinance put an end to the city’s jitney automobile passenger service.21

During 1915 and 1916, the years of intense jitney competition, the LARY built only one extension. But in 1917, when the number of jitneys dramatically declined, the company expanded several
lines. The San Pedro Street line was extended south on South Park Avenue to Sixty-first Street, and the West Jefferson Street line was continued west from Fourth to Ninth Avenue. Operating revenue, which had been falling annually since 1913, rose to $6.6 million in 1918.

Meanwhile, Huntington's land development firm had also been experiencing financial difficulties. A depressed real estate market in the Los Angeles basin curtailed the property sales and profits of Huntington Land and Improvement Company. The fluctuations of the volatile real estate market were reflected in the number of new subdivisions opening each year. Between 1904 and 1913, Huntington had rapidly expanded the regional trolley network largely for the purpose of developing land and selling property. The development was fueled by the expanding population of Los Angeles, which rose from 175,000 to 500,000, or a mean of more than 30,000 people per year. Consequently, the real estate market boomed, and approximately five hundred new subdivisions were opened each year in the Los Angeles basin. But from 1914 to 1916, when the city's population growth slowed somewhat, increasing by 15,000 annually, the number of newly opened subdivisions fell to approximately two hundred per year.

In this slowing market, HL&I occasionally took a less active role in selling its real estate and chose to establish exclusive contracts with real estate firms to improve and then market particular properties. Realtor William M. Garland generally served as Huntington's chief sales agent, but over the years, several companies—such as Burbank and Baker, Henry S. Judson, and Frank Meline and Company—were used by HL&I to dispose of various properties. Because Huntington wished to maintain control over how his land was to be developed, contracts between HL&I and sales agents were very specific, laying out exacting building restrictions for each subdivision.

In addition to facing sluggish real estate sales, HL&I was required to make substantial interest payments on $14 million in outstanding loans. From 1914 to 1917, HL&I's interest payments averaged approximately $700,000 per year. With this large outflow of cash, HL&I's balance sheets recorded losses of $260,000 in 1915, $428,000 in 1916, and $519,000 in 1917. In addition to paying interest, the principal matured serially each year. In 1914 and 1915, $1 million was paid on the maturing notes; in 1916 and 1917, the figure rose to $2 million.

However, the financial statements did not reveal the complete
story. Because commercial banks of the time did not provide long-term financing to individuals purchasing homes or firms purchasing property, HL&I frequently acted as a mortgage banker. When real estate was sold, HL&I often received a down payment and then fixed a payment schedule that included an interest charge plus principal. A buyer could thereby stretch the payments on the property purchased over a period of up to ten years. Because real estate profits were not recorded until final payments had been made to HL&I, it is difficult to judge accurately the company's performance in any year. Yet, the HL&I's statements of lot sales from 1914 to 1917 provide an estimate of the firm's activity. Huntington Land and Improvement and its subsidiaries—Dolgeville Land Company, Los Angeles Land Company, Huntington-Redondo Company, Redondo Improvement, and San Gabriel Valley Water—sold $489,000 worth of land in 1914; $192,000 in 1915; $458,000 in 1916; and $1.3 million in 1917.

Regardless of the profits HL&I eventually recorded, once all the payments for a given property were received, the firm, burdened with a large debt, had cash shortages. The company had at one time obtained cash for Huntington's other enterprises through the issuance of its own notes and bonds, but when those securities came due, HL&I often did not have the cash required to meet these obligations. In July 1915, Dunn reported the financial straits of Huntington's Los Angeles operations to Graham and requested aid from New York:

Our big trouble is going to come December 1st, when we have principal and interest of the Huntington Land & Improvement Company of $1,000,000 to pay. This absolutely must be met by sales of property or securities or by loan in New York. . . . It is taking everything we can raise to meet payments in the way of interest, new rails for the Los Angeles Railway, and extension of service for the Pacific Light & Power. There is absolutely no sale of real estate, and under these conditions I cannot depend on any help from home.

Despite Dunn's dire forecast, HL&I met the principal and interest due in 1915 by selling another $1 million of bonds. However, the following year it was unable to obtain the cash needed to pay the maturing securities, and Huntington advanced the company $1 million to help pay the bonds due.

Unlike Huntington's railroad and land companies, his Pacific Light and Power Corporation was successful during this period. Once the first phase of the enormous Big Creek hydroelectric
project was completed, the company upgraded older equipment and expanded its distribution system through construction and acquisition of smaller power companies. These changes facilitated sales of excess electricity generated by the new High Sierra power facility.

After the Big Creek station opened in December 1913, PL&P expanded its distribution system into new areas of the Los Angeles basin. To the northeast, Huntington's power company purchased the distribution system in Glendora; to the northwest, it obtained the distribution networks of the town of San Fernando and the lines of the San Fernando Mission Land Company. PL&P also bought distribution systems in the towns of Compton and Huntington Beach.\(^{28}\)

With Big Creek's enormous generating capacity, PL&P needed access to other areas to market its electricity. George Ward, the PL&P vice-president, sought to do this by purchasing control of Ventura County Power Company. Incorporated in 1906, VCPC owned utility networks in Ventura, Oxnard, and Santa Paula. In addition to providing electricity to this region, approximately sixty miles northwest of downtown Los Angeles, the diversified utility also supplied natural gas and water throughout Ventura County.

Owning an electrical distribution system in a growing area, Ventura County Power appeared to be the outlet PL&P required for its Big Creek electricity. Because Huntington's utility already had a substation in San Fernando providing power for PE trolleys in the western end of the valley, Ward and Huntington saw the possibility of building transmission lines west from the substation through Chatsworth and Simi Valley to link up with the distribution of Ventura County Power.\(^{29}\)

In early 1914, Ward began talks with VCPC management about the purchasing of their assets. By March an agreement was reached, and Ward acquired a controlling interest of Ventura County Power. Huntington traded forty-six dollars of PL&P first preferred stock for every share of Ventura County Power preferred stock. Then, for every share of preferred stock purchased, he received approximately two shares of the Ventura common stock. Two years later in June 1916, he acquired a central California outlet for PL&P's abundant electricity. In a deal similar to one it completed with Ventura County Power, Huntington purchased a controlling interest in the southern San Joaquin Valley firm of Mt. Whitney Power and Electric.\(^{30}\)

In addition to these new markets and outlets for sales, PL&P
sold excess electric power to Southern California Edison and Los Angeles Gas and Electric, the other two major utilities operating in the Los Angeles basin. Selling more electricity, PL&P's net earnings rose from $308,000 in 1914 to $651,000 the following year. The return to investors also escalated; PL&P declared dividends of $186,000 in 1914 and $300,000 in 1915.31

As PL&P increased its delivery system, management also became interested in developing the Big Creek region as a recreation area. Huntington Lake, the reservoir PL&P had created to store water for the hydroelectric power stations, provided a beautiful setting for an outdoor vacation retreat. Because the area lacked a hotel, PL&P decided to establish a nonutility subsidiary to build and operate an inn on the southwest shore of the High Sierra lake. The rustic Huntington Lodge opened for business on 4 July 1915, and Huntington installed H. M. Nickerson, assistant manager of the Huntington Hotel in Pasadena, as manager of the new retreat. However, because of heavy snows in winter and poor access roads, guests had to take buses to the lodge from the end of the rail line, and the lodge was only open for the summer season. Not very successful, the hotel never met the high expectations of Huntington and PL&P executives.32

Regardless of PL&P success, several factors led Huntington to consider selling the growing firm. By nature an organizer and consolidator, he had had a longstanding desire to merge the three major power companies of the Los Angeles basin—SoCal Edison, PL&P, and Los Angeles Gas and Electric—into a giant utility corporation. In 1915, he was pushed to attain this goal by two key events. With its Owens Valley Aqueduct Project underway, the city of Los Angeles decided to build hydroelectric power stations along the aqueduct route. The city planned to supply this municipally generated power to its residents either by purchasing the distribution systems of the three power companies in Los Angeles or by building a parallel delivery network. These plans acted as the catalyst for merger talks between SoCal Edison and PL&P. As the discussion of consolidation between the two firms continued, Huntington became seriously ill, and his declining health led his staff to concentrate on selling the power company.

In December 1916, the date of the eventual consolidation between SoCal Edison and PL&P, John B. Miller, president of the former company, said: "Many times in the past ten years, negotiations toward consolidation of these properties have been taken
up but only recently has an understanding been reached by which Mr. Huntington, principal owner of Pacific Light and Power stock, and I have been able to work out a satisfactory basis for a merger.”

But talks toward combination had begun even earlier than Miller recalled. As early as 1902, when Huntington and Kerckhoff first incorporated the PL&P, they considered buying SoCal Edison and Los Angeles Gas and Electric. However, no deal could be made with the former, and the latter’s proposal—the insistence on selling both its electric and gas business together as a package—was unappealing to PL&P. The following year, Huntington and Kerckhoff discussed the possibility of uniting PL&P with SoCal Edison. In June 1903, Kerckhoff noted that SoCal Edison was developing a large amount of water power, “below us at Kern River,” and explained that additional hydroelectric stations would be valuable suppliers of electricity to Huntington’s growing railway system. Furthermore, Miller was “anxious for consolidation if it can be carried out along fair lines.” Yet, Kerckhoff saw problems with the merger and wrote Huntington: “Mr. Miller suggests a new corporation to take over the two companies. Owing to the fact that you always wanted a majority of the companies you are in, I do not believe a proper recognition could be made of your desires or of the value of your business if a new corporation were formed.”

Nothing came of these talks, but Huntington tried several more times to put together a larger utility company that could be operated more efficiently and be free from competition. In 1908, PL&P made another bid to acquire SoCal Edison. This time, however, both Huntington and Harriman—who, because the SP held 45 percent interest of the LARY, which in turn owned 51 percent of PL&P, had some influence over management of PL&P—believed the price Edison was asking for its common stock was too high. Setting aside the idea of combining with SoCal Edison, PL&P management considered a proposition from C. O. G. Miller, president of Pacific Lighting Corporation, to sell its subsidiary, Los Angeles Gas and Electric.

In February 1909, a proposal was drawn up to consolidate PL&P and its subsidiaries—Kern River Power Company and Domestic Gas—plus the Kerckhoff-controlled San Joaquin Light and Power Company with the Pacific Lighting Corporation and its subsidiaries—Los Angeles Gas and Electric and Pasadena Consolidated Gas. The plan called for the creation of a $50 million corporation, with Huntington and Kerckhoff leading the new enterprise.
For some reason, the deal was called off, and another Huntington attempt to combine the electric utilities in the Los Angeles basin failed.37

Merger talks were not taken up until 1915, when PL&P and SoCal Edison were driven into negotiations by the city's plans to sell its own hydroelectric power. In 1910, the city council, at the Los Angeles Board of Public Works' request, placed a $3.5 million project proposal before the electorate. The proposal was to construct a hydroelectric power station in the San Francisquito Canyon, about forty miles northwest of downtown Los Angeles along the Owens Valley Aqueduct route. Over the strident opposition of Los Angeles's three privately held power companies, which feared municipal competition, voters approved the proposition by a wide margin of seven to one.38

Local government officials entered into negotiations with the three power companies in 1912 to purchase their distribution systems within the Los Angeles city limits in order to market their municipal electricity to residents. Unwilling to surrender their customers in Los Angeles, the power companies refused to sell their delivery systems but offered to purchase and distribute city-generated electricity. This proposal was unacceptable to the city; negotiations stalled, and the following year a $6.5 million bond issue was placed on the ballot to provide funds for Los Angeles to construct its own distribution network within the city. Uniting against the proposition, PL&P, SoCal Edison, and Los Angeles Gas and Electric put together an aggressive campaign that stressed the expense of a municipal distribution system largely paralleling their extant private networks. The power companies then reiterated their offer to purchase municipal generated electricity and lease their distribution systems to the city. The utility firms' efforts proved successful, and the proposal failed to receive the necessary two-thirds majority. But the city government refused to give up, putting another plan to construct an electrical distribution system before Los Angeles voters the following year. Supporters emphasized the $3.5 million already invested in the San Francisquito hydroelectric facility, and the bond issue passed.39

Los Angeles then possessed the funds to construct its own distribution system, and the power companies, with the threat of municipal competition looming on the horizon, reopened negotiations with the city. The electric firms proposed leasing their networks to the city as the first gradual step toward outright municipal ownership. Desiring an immediate transfer of the companies' systems,
the city rejected the offer, but talks continued. Then, deciding to concentrate on acquiring only the SoCal Edison distribution network—which, excluding the railroads, supplied approximately 47 percent of the electricity in Los Angeles—the city council asked the California Railroad Commission to set a price on the company’s system.40

As the railroad commission began to assess the value of its distribution system and severance charges, SoCal Edison president John Miller, concerned that the loss of business in Los Angeles might bankrupt SoCal Edison, sought to enlarge his market outside the city limits. He reopened merger talks with PL&P in 1915. Miller’s timing was propitious; the sixty-five-year-old Huntington’s strategy of divestment remained the same as it had been since 1910 when Charles Graham, his East Coast agent, wrote a prospective buyer about another Huntington company: “Mr. Huntington’s policy is that anything he has can be bought at a price.”41

Negotiations began in the spring of 1915 and continued through the fall. In October, when Huntington was stricken with a serious illness, his staff redoubled its efforts to arrive at a settlement with SoCal Edison. The deal had been held up by Huntington’s refusal to trade his PL&P stock and bonds without receiving some type of guarantee about the continuance of cash dividends on SoCal Edison stock. In December, Miller broke the logjam by proposing to create a new class of SoCal Edison second-preferred cumulative 5 percent stock. This offer quelled Huntington’s worries, because the new preferred stock would actually yield a higher annual return than he had received on his PL&P preferred stock and bonds combined. Huntington’s income from his PL&P securities in 1915 was $527,000; the 5 percent earnings of the SoCal Edison stock were anticipated at $601,000 per year. Dunn closed the deal with Miller, selling PL&P to SoCal Edison on 30 December 1915.42

According to the terms of the consolidation, Huntington turned his PL&P securities—46,175 shares of first-preferred stock, 96,602 shares of second-preferred stock, 104,685 of common stock, $5 million PL&P bonds, and $1.4 million in PL&P notes—over to SoCal Edison. In exchange, Huntington became the largest shareholder of the utility firm, receiving 120,299 shares of $100 par value SoCal Edison second-preferred stock, which included full voting rights plus $4 million in cash due in installments in 1916 and 1917. Huntington’s staff arranged this cash payment schedule, providing timely funds for HL&I notes maturing during the next two years.43
Details of the merger were worked out in the ensuing months. In December 1916, PL&P and SoCal Edison applied to the California Railroad Commission for the right to consolidate operations, and the city continued its drive to build or acquire a distribution system to market its electricity. In June 1915, the railroad commission fixed the value of the SoCal Edison distribution system at $4.75 million and set severance charges—the estimated loss of business SoCal Edison would sustain by surrendering distribution of electricity to the city of Los Angeles—at approximately $1.65 million. The city council felt the price for purchasing SoCal Edison's distribution system was too high and began constructing a municipal distribution network. By October 1916, the city again had tried to acquire the distribution system of the three major power companies in Los Angeles by offering them $10 million. But the power firms insisted on $12 million, and no deal was made. With settlement unlikely in the future, one electric company, Los Angeles Gas and Electric, withdrew from negotiations with the city.

In December, directors of both PL&P and SoCal Edison met to discuss another city proposal to pay $8.27 million for the two companies' distribution systems in Los Angeles plus $1.145 million in severance damages. Over the next few months, the city added more money to the pot. In addition to the purchase price, which with interest totaled nearly $12 million, the agreement called for the two power companies to operate the distribution systems under lease for a period of five years, sharing the revenue with the city. In addition, the city would not be producing enough electricity to supply Los Angeles even after the San Francisquito hydroelectric station began operating in mid-1917. Therefore, the offer committed the city to purchase, over each of the next two years, 58,814,000 kilowatt-hours of electric power at a rate varying from 0.5 cents to 1.22 cents per kilowatt-hour for a minimum annual payment of not less than $717,000. On 30 April 1917, the city and the two power companies signed the agreement.44

Three weeks later, the railroad commission approved the merger of PL&P and SoCal Edison. The enlarged SoCal Edison had a capitalization of $75 million and served more than 100 cities, towns, and rural communities in southern California. Company president John Miller said: "By the merger of these companies great economies can be effected; waste eliminated; the stockholders and investments stabilized and the consumers will . . . share in all the above benefits, but will, with the unification of the two systems
with their large and diverse sources of power, have guaranteed service in excellence and continuity the peer of any of the world." 

Free of the electric power business, Huntington devoted more time and money to enlarging his library. By 1917, he had amassed a huge private library of rare books and manuscripts. Although his major foray into book collecting began after 1900, Huntington’s interest in books was apparent by the 1870s when he had assembled a library of the major nineteenth-century authors, which was then worth approximately $1,800. Although forced to surrender this collection before the end of the decade, he remained interested in books.

While residing in San Francisco during the 1890s, Huntington became more serious about collecting books, but it was after the turn of the century that his book purchases increased significantly. His taste in books was eclectic, and he acquired, for example, early editions of Chaucer and Montaigne and first editions of Issak Walton’s life of Dr. Sanderson (1678) and Bishop Burnet’s death of the earl of Rochester (1680).

In 1904 Huntington obtained the Charles Morrogh collection of fine printing and the John Morschhauser library. Huntington’s next major block purchases took place in 1908 and 1909 when he acquired one-quarter of the Henry W. Poor library. Concentrating mainly on early British and American literature, Huntington then bought the 2,100-volume E. Dwight Church library and the Robert Hoe library in 1911. From 1914 to 1917, he added several major private collections. In 1914, he bought the Kemble-Devonshire collection of English plays from the Duke of Devonshire. The following year, he obtained the 20,000 volumes of the Frederick Halsey library; in 1916 he acquired part of the Pembroke library; and in 1917 he purchased the Bridgewater library. A builder, in railroads, the power industry, and real estate, Huntington moved rapidly, combining many smaller holdings into large consolidated enterprises. These characteristics carried over into his career as a collector of rare books and art.

Although relying on prominent book dealers such as Isaac Mendosa, George D. Smith, and A. S. W. Rosenbach to assemble his library, Huntington decided which collections to purchase, basing his decisions on what he liked: “I buy books simply for my own pleasure, and it is merely a case of buying whatever I do not have, whenever the opportunity is offered.” But his purchases were soon based on more than personal whim; pouring over catalogs and
studying the subject, Huntington became an educated collector. In fact, the last book he looked at before he died was the Short-Title Catalogue of Books Printed in England, Scotland, and Ireland, 1475–1640.

In addition to determining what would be part of the collection, Huntington worked rapidly to piece together an unequaled library, establishing one of the largest libraries of English literature in the world.

Huntington also purchased a number of eighteenth-century English paintings, mainly through art dealer Joseph Duveen. He appears to have liked British art, but this taste seems to have been influenced by Arabella. Although the two were not married until 1913, their correspondence from 1908 until their wedding indicates they were operating closely together, selecting various works of art. Once begun, the collection focused on British portraits by such painters as Gainsborough, Reynolds, and Romney.

In addition to building fine collections of books and art, Huntington built beautiful gardens at the San Marino estate. Landscape architect William Hertrich was hired to develop the land. Overseen by Huntington, Hertrich created lily ponds, a cactus garden, and palm garden, and laid out a Japanese garden on the grounds.

Thus, between the years 1914 and 1917, Huntington retired from active participation in his southern California business empire. Remarried in 1913, he began spending less time in greater Los Angeles because his new wife preferred living in New York, and his southland business triad was now managed largely by William Dunn with the assistance of Charles Graham. Although he had moved away from the business world, Huntington remained a builder even in retirement. Days once spent planning railroad routes, preparing subdivisions, or contemplating power stations were devoted to planning library acquisitions, purchasing paintings, and expanding his botanical gardens at the San Marino estate.