

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
LIBERTY ACRES WATER COMPANY )  
for a certificate of public convenience ) Application Number 10188  
and necessity and for authority to pur- )  
chase a franchise and water system. )

Thomas D. Long, for Applicant.

BY THE COMMISSION :

O P I N I O N

In this application Liberty Acres Water Company asks the Railroad Commission to make an order

(1) Declaring that public convenience and necessity require the operation by Liberty Acres Water Company of a water system in Tracts No. 5755 and 6490 in Los Angeles County, and

(2) Authorizing Liberty Acres Water Company to issue \$35,000. of its common capital stock.

A public hearing in this matter was held before Examiner Williams in Los Angeles, after due notice had been given so that all interested parties might appear and be heard. At the hearing the company stipulated that the Commission might at this time fix the rates to be charged.

The application shows that Ole Hanson, president of Liberty Acres Water Company, is the owner of the beneficiary interest in Tracts No. 5755 and 6490 which are known as Liberty Acres and are located near the town of Hawthorne. It appears that the two tracts were platted and subdivided by Mr. Hanson who found it desirable, in order to facilitate the sale thereof, to construct a water system to supply the purchasers of the land in the subdivision. To this end a franchise to lay water pipe on all the avenues and streets within

the limits of and bounding said tracts was obtained from the Board of Supervisors of Los Angeles County and a well was drilled, water mains laid, a pumping plant installed and a complete water system established and water was furnished to the residents on the tracts without charge.

It is now reported that the owners of the franchise and water system have found it impossible to continue operations any longer without compensation. For this reason they have caused the organization of Liberty Acres Water Company, a corporation, for the express purpose of receiving and operating the water system. The Articles of Incorporation of Liberty Acres Water Company, a copy of which is filed with the application, show that the company was organized on or about August 22, 1923, with an authorized capital stock of \$35,000.00 divided into 35,000 shares of the par value of \$1.00 each, all shares being common. It is proposed at this time to issue all of the authorized capital stock in full payment for the franchise and property, to which reference is herein made, free and clear of all liens and encumbrances.

The application and testimony herein indicate that the system <sup>which</sup> ~~was~~ installed during 1923, cost in excess of \$35,000.00 to construct. In this connection, M. I. Reed, one of the Commission's assistant hydraulic engineers, introduced as the Commission's Exhibit "A" a report containing in some detail an inventory of the system and an estimate of the cost thereof, such cost being estimated as \$35,164.00. According to Mr. Reed's report, the system, as now constructed, is composed of a 12" well 460' deep in which is installed a Layne and Bowler 12" turbine pump driven by a 25 H.P. vertical motor. The water is pumped from the well into a redwood tank of 25,000 gallons capacity and flows from this tank by gravity into the distributing system which consists of approximately 4300' of 6", 14 gauge riveted steel pipe, 33,100' of 4", 14 gauge riveted steel pipe and 7300' of 2" black dipped pipe. Water is served to approximately 80 consumers through 3/4" services.

It appears to us that \$35,000.00 of stock is a reasonable

amount to be issued in payment for these properties, it being understood, however, the amount of stock the company is herein authorized to issue shall not be binding upon this Commission, or other court or public body, as a measure of value of such properties for fixing rates or for any purpose other than this transfer.

The rates set out in the accompanying order compare favorably with the rates charged by other utilities operating under similar conditions and are reasonable charges for the service rendered. Applicant does not at this time expect or desire a return upon the cost of the property devoted to the public use.

#### ORDER

Liberty Acres Water Company, having applied to the Railroad Commission for a certificate of public convenience and necessity and for an order authorizing the issue of \$35,000.00 of stock, a public hearing having been held thereon, at which no one appeared to protest the granting of the application, and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require and will require the operation by Liberty Acres Water Company of a public utility to supply water to consumers located on Tracts No. 5755 and 6490, Los Angeles County, and

IT IS HEREBY ORDERED that LIBERTY ACRES WATER COMPANY, be, and it is hereby, authorized to issue after the effective date of this order and on or before November 30, 1924, \$35,000.00 of its stock in full payment for the franchise and property to which reference is made in the foregoing opinion, such properties to be transferred to Liberty Acres Water Company free and clear of all liens and encumbrances. The company shall keep such record of the issue, sale and delivery of the

stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th. day of each month a verified report as required by the Railroad Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that Liberty Acres Water Company, be, and the same is, hereby authorized to file with this Commission, within twenty (20) days of the date of this order, the following schedule of rates to be charged for water delivered to consumers :-

Monthly Flat Rates

For 3/4 inch services . . . . . \$1.50 per month  
For 1 " " . . . . . 3.00 " "

IT IS HEREBY FURTHER ORDERED that Liberty Acres Water Company, be, and it is, hereby directed to file with this Commission, within thirty (30) days of the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The effective date of this order is hereby fixed as twenty (20) days after the date hereof.

DATED at San Francisco, California, this 16<sup>th</sup> day of August, 1924.

C. J. Levey  
H. B. ...  
Dwight ...  
...  
J. T. Whittney  
Commissioners.