

ORIGINAL

Decision No. 18456

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation on
the Commission's own motion into the
reasonableness of the rates, charges,
practices, contracts, rules, regulations,
schedules and conditions of service, or
any of them, of the Liberty Acres Water
Company, a corporation, operating a
public utility water system in and
around the City of Hawthorne, Los Angeles
County, California.

Case No. 2282.

R.C. McAllister, for the County of Los Angeles.
Lucas F. Smith, for J. George Dratz, Emma E. Dratz
and Carl G. Dratz.
Charles P. Johnson, for Charles A. Wiegman.

WHITSELL, COMMISSIONER:

O P I N I O N

This is an investigation on the Commission's own motion into the practices, regulations and operating methods and conditions of the Liberty Acres Water Company, a corporation, engaged in the public utility business of supplying water for domestic purposes to consumers residing in Tracts No. 5755 and No. 6490, located near Hawthorne, in Los Angeles County. Public hearings in this matter were held at Los Angeles after all interested parties had been duly notified and given an opportunity to appear and be heard.

This water system was installed by one Ole Hanson for the purpose of supplying water to purchasers of lots in the above Tracts which he was placing upon the market for sale at that time.

Said Hanson organized the Liberty Acres Water Company, a corporation, in 1922 with a capital stock of 35,000 shares of the par value of \$1.00 each. Application was made to the Commission for a certificate of public convenience and necessity for the operation of this system as a public utility which was granted by the Commission in its Decision No. 13926, dated August 16, 1924. A schedule of rates for service to be rendered by this utility was established by the Commission in its Decision No. 16486, dated April 13, 1926.

From the evidence, it appears that some time subsequent to the formation of this corporation, the ownership of 34,970 shares of stock, or practically the entire capital stock with the exception of some thirty shares whose actual ownership has not been satisfactorily explained, was vested in one Charles W. Wiegman and/or Agnes Wiegman, his wife, who deposited the same with the Merchants National Trust and Savings Bank at Los Angeles as collateral security for two promissory notes aggregating in the amount of \$4,000. Subsequent thereto, the said Wiegman entered into an agreement with J. George Dratz, Emma H. Dratz and Carl G. Dratz whereby these 34,970 shares of stock were to be transferred by the Wiegman to the above Dratzes, in consideration for the exchange of certain ranch property belonging to the Dratzes, together with the assumption of the obligations due and owing on the above notes of \$4,000. The bank, however, refused to surrender the stock deposited by Wiegman. In the meantime and as a result of the complications arising out of the attempted transfer of ownership in the stock of this company, neither Wiegman nor any of the Dratzes were making any effort to continue proper service of water to the consumers on the Liberty Acres Water System and, in fact,

practically abandoned the plant. Through the efforts of the Commission, Mr. Jerry Campbell, who had been in charge of the pumping plant, was prevailed upon to conduct the operation of the system and consumers were requested by the Commission to pay their water bills to said Campbell pending the settlement of this controversy. Informal negotiations were not productive of any beneficial results and it was therefore necessary that the Commission take formal action against the owners of the stock in this utility and, as a result, the Commission on the 6th day of October, 1926, upon its own motion instituted this investigation into the reasonableness of the rates, charges and practices, conditions of service, etc., of the Liberty Acres Water Company. Public hearings were held thereon in Los Angeles on the 13th and 14th days of October, 1926.

As a result of the hearings held in this matter, the Commission prevailed upon the Merchants National Trust and Savings Bank to permit Jerry Campbell to purchase for a nominal sum the 34,970 shares of capital stock of the Liberty Acres Water Company which it had purchased under a pledgees' sale through the agency of one Roland Fontana. Campbell is now the owner of all except thirty shares of capital stock of this company and is now in possession of the property and in a position to devote his entire time to the repair, maintenance and operation of this utility. Measures have already been taken to relieve and improve the inadequate service conditions existing on this system, and in the very near future this utility will be in a position to render fair and adequate service to its consumers.

It therefore appears that the unsatisfactory conditions which gave rise to this investigation have now been remedied and the matter may therefore be dismissed.

O R D E R

The Railroad Commission having on its own motion instituted an investigation into the reasonableness of the rates, charges, practices, contracts, rules, regulations, schedules and conditions of service, or any of them, of the Liberty Acres Water Company, a corporation, operating a public utility water system in and around the City of Hawthorne, Los Angeles County, California, public hearings having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the above entitled proceeding be and it is hereby dismissed.

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

Dated at San Francisco, California, this 2^d day of June, 1927.

H. B. Brundage

C. E. Seawing

Leon A. Whipple

Thos. J. Rowell
Commissioners.