

ORIGINAL

Decision No. 25104

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MACLAY RANCHO WATER COMPANY, a cor-
poration, for an order authorizing
applicant to cease rendering water
service as a public utility.

Application No. 18084.

Marvin Osburn, for applicant.

E.R. Elkins, for Pacoima Chamber of
Commerce, on behalf of the consumers.

BY THE COMMISSION:

O P I N I O N

Maclay Rancho Water Company, a corporation, engaged in the business of selling and distributing water for domestic, irrigation and other purposes to residents of Pacoima and vicinity, Los Angeles County, asks the Railroad Commission for authority to discontinue rendering water service as a public utility.

A public hearing in this proceeding was conducted by Examiner Kennedy at Los Angeles.

The Maclay Rancho Water Company was incorporated in 1896 for the purpose, among other things, of doing a general farming, real estate and water business. In connection with its activities, the company at various times had under its ownership or control large tracts of lands located in the San Fernando Valley in and in the vicinity of the city of San Fernando and the territory known as Pacoima. During the past several years, applicant has sold to local subdividers and others certain por-

tions of its lands. In some instances water was supplied by applicant while in others water service has been obtained from the municipal water system of the City of Los Angeles. A few years ago, the city of San Fernando purchased the major portion of applicant's water plant serving residents living within its incorporated limits, leaving only approximately 250 consumers residing in and in the vicinity of Pacoima. In addition to its domestic service, this company supplied irrigation water to twenty acres of citrus lands which it owns.

The testimony shows that this water system was installed nearly forty years ago and for the past ten years has been considered by its operators as being in a serious state of disrepair. Large and excessive sums have been spent each year for its maintenance and upkeep but no serious efforts have ever been made to replace worn-out facilities and equipment or to alter operating methods to meet the changing conditions. Applicant's manager testified that the expenses could be reduced at least one-half by the installation of proper improvements and by adopting better methods of distribution and operation.

The water supply is obtained from a well located about two and one-half miles north of the point of distribution and is pumped directly into the transmission main. As there is no storage, it is necessary to keep the pumps working continuously day and night. The excess water is allowed to waste or is used in the irrigation of applicant's twenty acres of citrus fruits, for which no credits have ever been made by the utility.

From the evidence and testimony presented, it appears that through reasonably efficient operating methods and practices this utility should have been in a position to have set aside the

proper depreciation reserve for the replacement of its water production and distribution facilities at a time when such would be required. The changed conditions under which this utility is now operating demand and require the installation of improved equipment and relocation of facilities in order to eliminate the unreasonably excessive amount of expenditures now being made to maintain the existing worn-out system. The present consumers are in no position to obtain an alternative source of supply except at a prohibitive cost and it was through no fault of theirs that the lax and inefficient management of this water works has resulted in severely handicapping the maintenance of economic service. It is neither fair nor just to the present consumers to attempt to place upon them the burden of paying the excessive costs now being incurred through the past failure of the utility to properly keep in repair its water plant and distribution and transmission mains. At no time has this company appealed to the Commission for such a readjustment of rates as would provide for the continuation of service upon a reasonable basis and without its suffering an out-of-pocket loss. There is nothing in the record of this case which would indicate that it is not entirely feasible as well as proper for this utility to so rearrange its water production and distribution facilities and to so reorganize its operating methods and practices so that it can deliver water at a fair cost and at a price which the consumers can afford to pay. Measures should be adopted without delay by this utility to place its water works upon a proper and efficient operating basis and, should it thereupon be necessary, applicant has the right and, perhaps under the circumstances peculiar to this case, the duty of applying to this Commission for such readjustment of its rates

as may be just and proper under the premises. As the present consumers have no other source of water supply available to them at a price they can now afford to pay and as the utility has made no sincere and earnest efforts either to economize in operating its system or to install the necessary improvements, it is apparent that the request to discontinue service is neither warranted nor justified by the testimony and evidence submitted in this proceeding and is inimical to the legal rights and best interests of the public. The request therefore will be denied.

O R D E R

Maclay Rancho Water Company, a corporation, having made application to the Commission as entitled above, a public hearing having been held thereon, the matter having been duly submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the request of applicant for authority to discontinue the rendering of public utility water service to its consumers in and in the general vicinity of Pacoima, Los Angeles County, be and it is hereby denied.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 29th day of August, 1932.

J. C. Weaver
Leon Whiskey
W. B. Linn
W. B. Linn
Fred G. Stewart
Commissioners.