

Decision No. 27191

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
M. K. TURNER for permission to dis-
continue water service of the
"Central Square Water Supply."

} Application No. 19255.
}

M.K. Turner, for applicant.

T. Sansinena, a consumer.

W.E. Clarke, for Receiver, Maywood Bank.

BY THE COMMISSION:

O P I N I O N

M.K. Turner owns and operates a public utility water works known as the "Central Square Water Supply," serving six consumers in the Central Square Tract No. 6056 adjoining the City of Vernon, in Los Angeles County, and in this proceeding asks for authority to discontinue service.

A public hearing in this matter was held before Examiner MacKall at Los Angeles.

This water system was installed some time prior to 1925 to aid in the sale of lots in the above tract. In July of 1925, the Commission granted a certificate of public convenience and necessity for its operation as a public utility. (Decision No. 15222, 26 C.R.C. 850.)

The present plant consists of a deep well equipped with an automatically-controlled pump and 25 horsepower motor, a redwood

storage tank erected on a sixty-foot tower, and distribution mains throughout the tract. The original cost is reported at \$13,715. The operating expenses and revenues for the year 1933 are as follows:

Revenue-----	\$474
Expenses:	
Power-----	\$349.22
Pumping Repairs	58.33
Pipe Line Repairs-----	<u>104.45</u>
	<u>512</u>
Deficit-----	\$ 38
Estimated Replacement Annuity-----	<u>300</u>
Loss for year-----	\$338

There was no dispute over the cost of operating this plant or the amount of invested capital. Figures on these items presented by applicant and F.E. Van Hoesen, one of the Commission's engineers, were in substantial accord. The testimony shows that applicant Turner was induced to acquire this utility from its former operators upon the expectation of supplying water to certain industrial plants in or near the City of Vernon. However, this service was taken over by the Vernon Municipal Water Works and applicant has therefore been unable to meet his operating expenses which for 1933 were \$38.00 more than the revenues, said expenses not including depreciation or any allowance to the owner for time spent in looking after the system and, obviously, providing no funds to meet interest on either the plant mortgage or capital investment. Offers heretofore made by applicant to donate this utility in its entirety to the consumers were refused by reason of an outstanding mortgage on the properties held by the Maywood Bank, now insolvent and in the hands and control of the State Banking Commission.

Two of the six consumers are in a position to receive

water from the Vernon Municipal Water Works; the remaining four have been refused water from this source. All consumers frankly admitted that they could not reasonably expect the present owner to continue service under the existing out-of-pocket loss and agreed to make an effort to negotiate with the above bank to compromise its claims and to take over the plant and operate it as a mutual or cooperative water company. Thirty days after submission was granted for this purpose. It now appears that the offer of the consumers to the administrators of the affairs of the said bank to compromise its claims for one thousand dollars (\$1,000) will be approved and that the consumers will thereupon accept applicant's proposal that they take over all his right, title and interest in and to this utility property without any monetary payment to him. The record conclusively shows that it is wholly unreasonable to require applicant to continue this utility service with its unavoidable financial loss and, as the proposal presented seems a logical solution to this problem, the request to discontinue public utility water service will be granted.

O R D E R

M.K. Turner having made application to this Commission for authority to discontinue public utility water service in Tract No. 6056, Los Angeles County, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that M.K. Turner be and he is hereby authorized to discontinue further public utility water service to his consumers in Tract No. 6056, Los Angeles County, sixty days from and after the date of this Order, and thereafter stand re-

lieved of all further public utility obligations and liabilities in connection therewith, subject, however, to the following condition:

1. Within fifteen (15) days from the date of this Order, M.K. Turner shall give written notice to each of his consumers to the effect that he intends to discontinue further public utility service under the terms of this Order sixty (60) days from and after the date thereof, and said M.K. Turner shall file with this Commission, within thirty (30) days from and after the date of this Order, an affidavit to the effect that he has duly given such notice as above directed.

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 29 day
of July, 1934.

C. S. Kearney

V. M. A. Carr

M. B. Harris

Commissioners.