

Decision No. 36874

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of  
INDEPENDENCE ACRES WATER WORKS  
for permission to abandon water service.

Application No. 25639

Ben Van Tress, for Applicant.

O. Benton Worley and Roscoe H. Becker,  
for consumers.

BY THE COMMISSION:

O P I N I O N

In this proceeding, L. L. Colodny, operating under the fictitious name and style of Independence Acres Water Works, and engaged in supplying domestic water service in Tract No. 8451 and a portion of Tract No. 8793, in the unincorporated Town of Agoura, Los Angeles County, asks this Commission for authority to abandon water service.

A public hearing was held before Examiner W. L. Clark, at Agoura.

The water system was originally installed in 1926 by I. Colodny and L. L. Colodny, a partnership, to further the sale of lands in Tracts No. 8451 and No. 8793. This Commission in its Decision No. 18259, dated April 18, 1927, granted them a certificate of public convenience and necessity to operate a water system as a public utility within a service area of 300 acres, which was subdivided into acre and fractional acre lots. The decision also established the rates for water service then and presently in effect.

The source of water supply for the system is a dug well 6 feet by 6 feet, and 19 feet in depth, located on Lot 34, Tract 8451 adjacent to a stream channel. The pump discharges about 25 gallons per minute, which is approximately the capacity of the well. A 93,000-gallon tank, located on a hillside, constitutes the total storage facilities. The water is conveyed through 19,600 feet of distribution

mains, and is delivered to 51 consumers.

An inadequate and deficient water supply has materially contributed to the slow growth of the community. Several property owners have dug shallow wells on their premises from which they supply their own domestic water requirements. The testimony shows that there is not one well in the area that can produce sufficient water to adequately supply all consumers on the system.

In order to develop additional water supply, the residents of this area in 1930 caused the organization of a county water works district (Los Angeles County Water Works District No. 16, Picture City), voted a bond issue of approximately \$12,000, which was expended in digging a 350-foot deep shaft and a 500-foot tunnel therefrom. This venture proved unsuccessful as no water was developed and the waterworks district was dissolved April 3, 1933.

To conserve the available water supply and provide service to existing consumers, this Commission in its Decision No. 32168, dated July 18, 1939, authorized restriction of water service from this system to those customers theretofore served, and to those actually receiving service prior to September 1, 1939.

Mr. L. L. Colodny testified that the revenues received from water service rendered have failed to meet operating expenses; that the system has never realized any profit from its operation, and that he is no longer financially able to sustain any further losses. He stated that some inadequate service has resulted by reason of his inability to finance new facilities, and he has been compelled to ask the consumers for aid in raising funds to provide new equipment. Mr. Colodny further testified that, although he wished to "wash his hands of the water system," he would continue its operation until the community can form an organization to take over the property.

Several consumers testified regarding the inadequacy of the water service furnished and the failure of the owners of the water system to finance properly and make needed improvements and repairs to plant, thereby compelling the water users to donate or loan moneys to the local operator and to perform labor upon the

water system in order to maintain much needed service. This procedure has been practiced for the past ten years, but it was admitted that most of the loans so advanced have been repaid by a credit on the consumers' bills.

Mr. D. L. Duncan, one of the Commission's engineers, presented a report covering the results of operation of the system for the years 1935 to 1942, inclusive. The book cost of the system was shown to be \$23,000. The average annual operating revenues and expenses totaled \$749.84 and \$1,113.30, respectively, and resulted in an average annual loss of \$363.46 for the eight-year period. The operating expenses do not include an allowance for depreciation, but they contain a management charge of \$50 a month. This latter charge is considered excessive for a system of 51 consumers, but some compensation is allowable for this item. It is apparent that even with a minimum allowance for management the earnings have only provided bare operating expenses, and have not provided any return on the investment in the water system.

At the hearing an offer to sell the system to the consumers for \$3,000 was made in behalf of the Colodnys. While the consumers had no organization that could take over and operate the property, yet some form of a mutual organization was contemplated. Testimony of the consumers shows that they had made a tentative offer of \$1,000 for the system as a price that could be paid by them.

From the evidence submitted herein, it is clear that the water system has been operated at a loss for many years last past. The deficiency of local underground water supply and insufficient financial ability of the owners leave slight opportunity for improvement in the adequacy of water supply or service conditions under the present ownership. However, as applicant is willing to continue operation of the system for a reasonable time to permit the consumers to effect formation of a mutual organization which will take over and operate the water system for the benefit of the community, the consumers should be given the opportunity to take appropriate action. In the meantime the application will be denied without prejudice. If applicant and the consumers cannot within a reasonable time reach an agreement, applicant may by an appropriate supplemental application ask permission to abandon the operation of the water system.

O R D E R

Application as entitled above having been filed with the Railroad Commission, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises,

IT IS HEREBY ORDERED that the above numbered application be and it is hereby denied without prejudice.

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

Dated at Los Angeles California, this 15<sup>th</sup> day of February 1944.

Richard H. Chase  
Justin F. Quinner  
Francis R. Havenner

Francis J. Gray  
COMMISSIONERS.